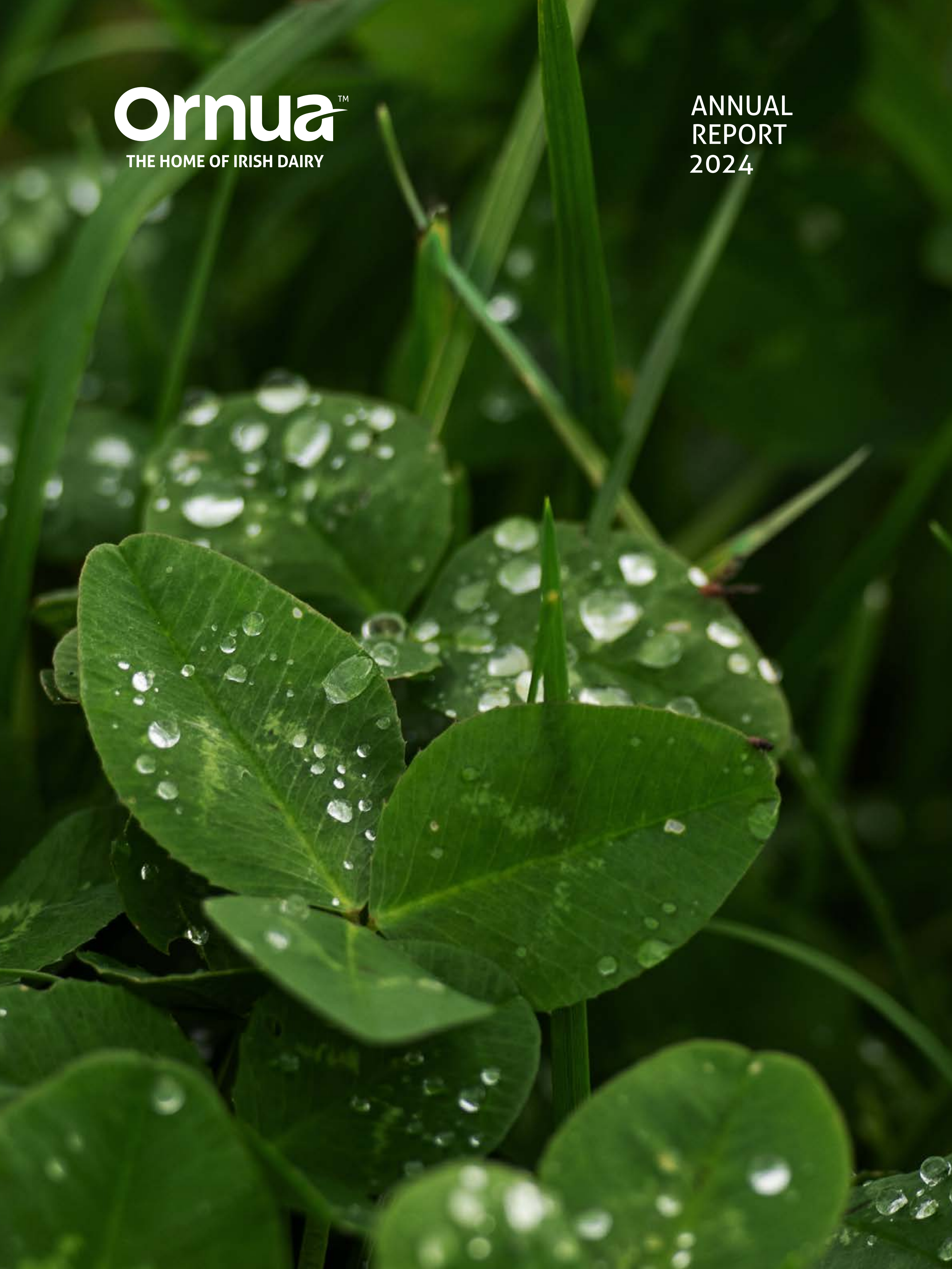
Ornua™

THE HOME OF IRISH DAIRY

ANNUAL REPORT 2024



ABOUT ORNUA

Ornua is an Irish dairy co-operative that markets and sells dairy products on behalf of its Member Co-operatives, Ireland's dairy processors and, in turn, Irish dairy farmers.

Ornua is Ireland's largest exporter of Irish dairy products and has annualised sales of €3.4 billion. Headquartered in Dublin, Ireland, Ornua has a strong global team of 2,800 employees, operating from 10 business units worldwide, including 13 production facilities. Ornua builds sustainable routes to market for Irish dairy products.

The Group is structured across two divisions: Ornua Foods and Ornua Ingredients. Ornua Foods is responsible for the marketing and sales of Ornua's consumer brands including Ireland's most successful food export: Kerrygold, as well as Kerrygold Dubliner, Pilgrims Choice, Forto, and BEO milk powders. Markets are served by production facilities in Ireland, Germany, and the UK and by in-market Sales and Marketing teams in Asia, Germany, Ireland, MEA, Poland, Spain, rest of Europe, and North and Latin America.

Ornua Ingredients is responsible for the procurement of Irish and non-Irish dairy products, for the sale of dairy ingredients to food manufacturing and foodservice customers across the world, and for managing volatility through de-risking and trading strategies. The business is supported by production facilities in the UK, Spain, North America, Saudi Arabia, and Nigeria, and by in-market teams in Africa and the Middle East.

Our purpose is to create value for Irish farming families

Read more about our Co-operative Ethos
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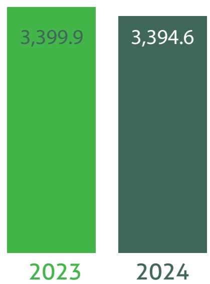
PERFORMANCE AT A GLANCE

Financial Highlights

€3,394.6

Turnover €m

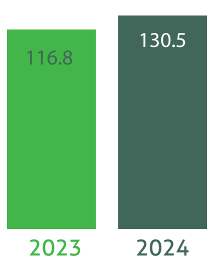


€165.5 m

Group EBITDA* €m
*Pre Ornua Value Payment

€130.5 m

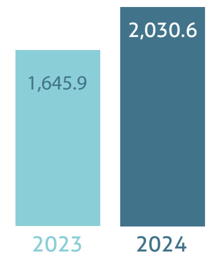
Operating Profit* €m
*Pre Ornua Value Payment



Returning Value to Irish Farming Families

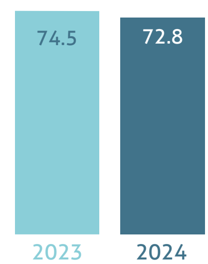
€2,030.6 m

Premium Dairy Products €m
Ornua purchased €2,030.6 million premium Irish dairy products in 2024.



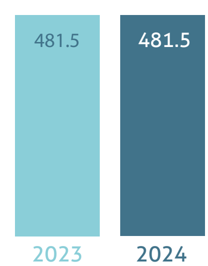
€72.8 m

Ornua Value Payment €m
Value-added routes to market generated €72.8 million in additional premiums and bonuses for Member Co-operatives.



€481.5 m

Working Capital Facilities €m
Ornua provided up to €481.5 million in working capital facilities to Member Co-operatives.



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OUR CO-OPERATIVE ETHOS

A Co-operative of Co-operatives

Being a co-operative is at the heart of how we do business. We create shared value for our Member Co-operatives, our producers, our people, and the customers and consumers who choose our products.

Our Purpose

Creating value for Irish farming families.

Our Vision

Together, our vision is to drive sustainable, profitable growth and deliver customer success by investing in our dedicated people, our brands, and our global scale.

Ornua is Ireland's largest exporter of Irish dairy products. We are true to our Irish roots and proud of our **global scale and reach.**

Aidan and Derval Kennedy, from Cahir in Co. Tipperary - Dairygold suppliers and winners of the 2024 NDC & Kerrygold Quality Milk Awards.

OUR GLOBAL BUSINESS

Ireland's largest exporter of dairy products

Markets the unique taste of Irish grass-fed dairy

Kerrygold

#1	#1	#2
Butter brand in Ireland	Butter brand in Germany	Butter brand in United States

10

Two global divisions powered by 10 business units around the world

2,800

Dedicated and talented people around the world

Read more about our Global Business:
Ornua Foods See page 12
Ornua Ingredients See page 16

Our Member Co-operatives

Aurivo

Arrabawn Tipperary

Carbery

Dairygold

Lakeland Dairies

North Cork Creameries

Tirlán

Delivering Value in a Changing Market

Ornua Co-operative recorded another robust performance in 2024, in the face of significant change in the external environment. The business continues to deliver on its longstanding mission of generating maximum value for Member Co-operatives and Irish dairy farmers while delivering high quality, sustainably-produced dairy products to customers around the world. It does so by leveraging its scale, product portfolio, and geographic reach.

Returning Value for Irish Dairy

In a challenging year for processors and producers, where milk volumes were pressurised, Ornua remained focused on paying the strongest possible prices for Irish dairy resulting in over €2 billion in product purchases for the year. This reflects Ornua's role in providing processors and producers with reliable, trusted, and proven routes to value. These strong product prices were further supported by an *Ornua Value Payment* of €72.8 million for the year, made up of cash bonuses and additional premiums paid to Ornua's Member Co-operatives for product supplied to the business.

Global Dairy Markets

The global dairy market experienced a year of mixed fortunes overall. The first half saw a slight dip in milk supply, but a recovery in the latter half left annual supply flat overall. New Zealand led with a 1.0% increase, while the EU-27 saw marginal growth and the US faced a contraction. Adjusted for milk solids, global supply showed strength.

European retail sales remained healthy despite inflation, with cheese outperforming butter and own-label products gaining traction. However, the foodservice sector struggled to regain momentum. Global exports were stable, but the demand-supply dynamic, coupled with buyers' reluctance to hold high-priced stocks, resulted in a spike in commodity prices.

European milk prices rose steadily, driven by strong butter prices, and remained above the five-year average. Looking ahead, European dairy commodity prices could align with global levels, while global trade tensions remain among the key potential shock factors in the months ahead.

Irish milk supply was bolstered by a late surge in November and December, though this uplift followed an extended period in which supply was largely constrained. I must acknowledge the resilience of Irish dairy farmers who contended with intensely challenging conditions for much of the year including adverse weather, along with continued cost pressures.

Overall, the Ornua Purchase Price Index increased by 27% over the course of 2024, demonstrating the steady growth in market returns experienced in the period. An uncertain market outlook re-emphasises the need to concentrate on maximising value, meaning Ornua will continue to be a vital outlet for the Irish dairy sector as we move through a period of change.

Evolving Landscape

Looking back on the year, the domestic sector experienced winds of change similar to a pattern we have seen in other countries in recent years. Notable developments at processor level including the merger between Arrabawn and Tipperary Co-operative, and the acquisition of Kerry Dairy Ireland by Kerry Co-op, have altered the state-of-play for large sections of the dairy farming community. The unique strengths of the co-operative system have ensured that the interests of dairy farming families in Ireland are to the fore when it comes to planning for the future. Scale, along with a capacity to innovate and compete in an increasingly consolidated global market, will be crucial in the years ahead and this places a particular responsibility on Ornua Co-operative.

Common Ground

Ornua's sustainability journey continued to progress in 2024, supported by the introduction of a new Group ESG strategy titled *Common Ground* that clearly articulates the company's commitment to improve environmental impact, strengthen communities, support Irish farming families on their sustainability journey, and bring quality sustainably-produced food to the world.

The strategy, which is broad in its scope and ambitious in its targets, sets the organisation on a clear path to drive progress across key areas of tangible importance to Ornua and its stakeholders. Centred around three core pillars: Planet, People, and Products; the strategy ensures Ornua's efforts are clearly focused on real measurable outcomes, that actions are aligned with ambitions, and that a robust governance structure ensures its delivery.

Leadership

In May 2024, Conor Galvin joined the business as Chief Executive Officer. Conor's extensive senior management experience and deep connection with the Irish dairy sector is evident and I would like to recognise his strong leadership, along with his management team, throughout the period. Considerable progress has been made in the delivery of several key strategic priorities under their stewardship of the business, ensuring Ornua continues to evolve and thrive in a changing marketplace. In particular, I would like to thank Donal Buggy for his committed leadership as Ornua's Interim Chief Executive during the first half of the year.

There were a number of changes to the Ornua Board of Directors in 2024. John Hunter stepped down from the Board as he became the Interim Chief Executive of Tipperary Co-operative Creamery Limited. Pat McCormack, who was previously the ICMSA nominee, became the Tipperary Co-operative nominee following John Hunter's departure, while Denis Drennan was appointed to the Board as the ICMSA nominee. I would like to thank John Hunter for his contributions during his tenure as a Board member. I would also like to formally welcome Denis Drennan in joining the Ornua Board of Directors. Denis brings invaluable perspective and experience to the role.

Finally, I extend my gratitude to the Board of Directors for their valued contributions and expertise throughout the period.

Sir Anthony O'Reilly

During the year, the Ornua Board of Directors and Ornua teams around the world sadly mourned the loss of one of the most important figures in the business's history – the late Sir Anthony O'Reilly. As the first CEO of An Bord Bainne, Sir Anthony O'Reilly was responsible for creating the Kerrygold brand in 1962. He had the vision, energy, and optimism to create a brand to represent the unique qualities of Irish grass-fed milk in what was a commodity market.

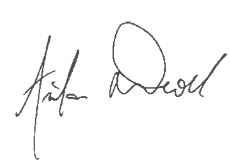
This vision brought Irish food to the global stage and great joy to millions of consumers around the world, while supporting the livelihoods of generations of Irish dairy farming families. He has left behind a remarkable legacy that Ornua and the entire sector is proud to continue today.

Looking Forward

As we progress through the first half of 2025, the outlook for Ornua remains positive, despite continued market uncertainties. Our entire sector, including farming families, co-operatives, and Ornua, have weathered several storms throughout our history. Despite the presence of challenges in the short and long term, we can take confidence in the strength of our co-operative platform and the expertise within the sector that will play a crucial role in helping us to seize opportunities.

The powerful combination of state-of-the-art processing facilities, exceptional marketing skills, forward-thinking farmers, and grass-fed dairy products with credible sustainability credentials amounts to a proposition unlike anywhere else in the world. If managed well, this can ensure that we can safeguard and grow our industry long into the future. Ornua Co-operative is fully committed to playing its role in realising this ambition.

As this is my last Annual Report as Chair of Ornua Co-operative, I would like to personally thank the Directors and all the staff of Ornua for their support to me and, much more importantly, for the outstanding work they do every day for the farmers we serve. I wish my successor all the best in taking on the honour and responsibility of being Chair of this great organisation.



Aidan O'Driscoll
Ornua Co-operative Chair

Creating Value for the Irish Dairy Farming Community

I am delighted to deliver my first annual report as Chief Executive of Ornua and pleased to report a solid performance by the business during a complex year. Guided by our purpose of creating value for the Irish dairy farming community that Ornua represents, our teams around the globe responded well to difficult market conditions to deliver for our Member Co-operatives, our customers, and the consumers that enjoy our products.

Financial Highlights

Group turnover was relatively stable year-on-year and high historically, at €3.4 billion, representing another solid performance. Group EBITDA and Operating Profit, pre *Ornua Value Payment*, climbed by 10.5% and 11.8% respectively to reach €165.5 million and €130.5 million. The results reflect a strong trading performance amid volatile conditions driven by the impact of cost inflation and a pressurised milk supply.

Ornua closed the year with a Net Debt of €86.1 million down from €153.7 million for the previous year, giving the business greater financial flexibility. The *Ornua Value Payment* was €72.8 million for the year, made up of the bonuses paid to our Member Co-operatives in addition to product prices. Ornua also continued to support the working capital requirements of our Member Co-operatives with €481.5 million in working capital facilities provided during 2024, unchanged from the previous year.

Ornua Foods

Despite the continued impact of food cost inflation in many major markets, Kerrygold strengthened its position as Ireland's most successful food export, driven by strategic growth, investment in innovative new products, and highly impactful brand activations across multiple territories.

In total, over 12 million retail packs of Kerrygold butter and cheese were sold globally every week in 2024. The continued strength of Kerrygold's performance ensures we can deliver on our purpose of creating value for Irish dairy farming families through the products we bring to the world.

Ornua Ingredients

Ornua's Ingredients division continued to nurture partnerships with key customers around the world, strengthening routes to value and unlocking new opportunities. This performance, in a tough market environment, showed the resilience of the business, the advantages of our diverse product portfolio, and the hard-earned trust our customers have in our innovation capabilities, our understanding of their needs, and our service delivery.

We have continued to build an innovation culture internally within our Ingredients division through cross-functional projects and knowledge-sharing across geographies. During the year we held our second annual Global Innovation Forum in Moorepark, Co. Cork, where colleagues from across Ornua convened to share insights and showcase cutting-edge new product development (NPD) projects we are leading with our customer partners in international markets.

In an environment where milk expansion has slowed, innovation holds the key to resolving the supply and demand challenge and unlocking future value growth opportunities. Ornua has a strong innovation and NPD platform which we are focused on further developing.

Kerrygold's growth in the United States continued at pace with the brand reaching a record number of households in 2024, securing its position as the clear number two butter in the market.

Key Strategic Initiatives

We have made positive progress in the delivery of our *Path to Prosper* five-year plan, advancing key strategic initiatives designed to ensure our business remains agile and future ready.

In the year, we successfully concluded our *Evolve* business transformation project following a complex multi-year project. Through focused investment in our digital infrastructure across the Group, we have ensured we have the right technologies and processes in place to drive operational efficiencies. Following the completion of the project, the business has begun the implementation of a new digital strategy which focuses on enhancing productivity by leveraging data assets, automation, and emerging technologies.

As a co-operative, the values of responsibility and sustainability are deeply ingrained in how we operate, and the introduction of a new sustainability framework within our *Common Ground* strategy has ensured these values can translate to effective action and meaningful progress.

People

The strength of our performance in the year has been made possible by the colleagues across our global business who are the energy behind our momentum. In challenging global employment market conditions, the business continued to introduce supporting initiatives on reward, benefits, ways of working, development, and wellbeing to enhance the employee experience.

As a diverse global business, we are committed to nurturing a workplace culture where everyone can belong and thrive. Supporting the delivery of actions outlined in our *Common Ground* strategy, a new Diversity & Inclusion Steering Group was established and led the development of a new D&I strategy for the business.

The strategy prioritises six dimensions including: Gender Balance, Disability, Cultural Diversity, LGBTQI+, Generations, and Neurodiversity. These important developments will enable accelerated action as we aim to improve progress and champion the rich range of differences across our employee population.

Operational Changes

In February 2024, Ornua Nutrition Ingredients UK Limited, part of Ornua Ingredients Europe (OIE), sold its powder blending and manufacturing business in Leek, UK to Allicio Nutrition Limited. The company retained its dairy powder trading operations and secured the ongoing supply of Irish dairy products to Allicio, maintaining a strategic route to market. The successful completion of the sale ensured high levels of job retention and business continuity.

Separately in February 2024, the Group announced the closure of Ornua Ingredients North America's Slippery Rock facility in Pennsylvania, US. This followed the unexpected decision of the plant's customer to change strategic direction, making production no longer viable. In March 2024, the Group sold a majority stake in CoreFX Ingredients, a dry nutritional ingredients business in Illinois, US, to its CEO, Denis Neville.

In January 2025, the Group announced a proposal to close OIE's cheese manufacturing and formatting operation in Ledbury, Herefordshire, UK. The closure of the facility followed a comprehensive strategic review of OIE's manufacturing footprint which showed Ledbury's processing capacity to be under-utilised and requiring significant capital investment to maintain production into the future. The closure has been carefully considered and is not a reflection of the hard work, dedication, and commitment of everyone employed at Ledbury.

The closure follows the conclusion of a consultation process and will see the majority of production transferred to OIE's sites in Nantwich, Cheshire, UK and Ávila, Spain.

Looking Forward

The short to medium term picture continues to present distinct challenges for the sector at a domestic and global level. A slowdown in milk supply growth within an evolving regulatory landscape, has affected milk-supplier confidence in Ireland and Europe. Ongoing geopolitical and trade tensions also raise concerns about the outlook for the global trading environment.

Nevertheless, Irish dairy remains a unique proposition that the world wants. We are in a strong position with premium brands and food ingredients that are enjoyed globally, thanks to the qualities of the Irish grass-based dairy farming system, the hard work of Irish producers and processors, and the unique strengths of our co-operative ecosystem. We are now entering a new phase for our industry in which the next opportunity revolves around being as efficient as possible, while generating value from existing output and meeting our environmental commitments.

For Ornua, the focus remains on value growth and ensuring we maximise the return for every litre of milk. We are confident in delivering on that mission, guided by a focused strategy and supported by strong customer relationships, best-in-class processing facilities, and a talented global team.

I would like to thank our Chair, the Ornua Board of Directors, and my colleagues on the Executive Team and across the entire business for the passion and commitment they bring to the table every day. We are collectively connected to Ornua's purpose and co-operative mission, and proud to help nurture lives and livelihoods by bringing safe, trusted, quality food to homes around the world.

Conor Galvin
Chief Executive Officer

Stable Supply and Demand

GLOBAL MARKET REPORT

Supply

Global milk supply fell marginally in the first half of the year but lifted slightly in the second half with annual supply flat. While New Zealand output increased by +1.0%, EU-27 flows expanded marginally with US flows contracting. However, global supply was stronger when adjusted for milk solids.

New Zealand continued to divert milk from Whole Milk Powder. Indeed, globally, more milk made its way to cheese and cream, while the production of butter and powders declined.

Demand

Retail sales volumes in Europe were solid despite high inflation. However, cheese performed better than butter and own label products gained market share. Foodservice sector sales were sluggish and struggled to gain momentum.

Global exports were stable with improving Southeast Asian and Middle Eastern demand helping to offset weaker Chinese imports. While cumulative demand tracked ahead of supply, buyers' reluctance to carry high priced stocks led to demand spikes and this was the catalyst to push commodity prices higher.

Pricing

European milk prices lifted steadily through 2024 and were above the five-year average. This was driven by extremely strong butter prices, though cream, cheese, and Whole Milk Powder returns were also strong. Skim Milk Powder returns were muted in comparison but improved as the year progressed. In general, European dairy commodity prices were higher versus global levels.

Future

With European dairy commodities commanding a premium in quarter four of 2024, convergence with global levels is likely in the first half of 2025 and is currently reflected in futures. While there is scope for European milk prices to ease, fundamentals appear balanced and returns should remain at a high level historically.

Key watchouts will include Chinese demand patterns, the impact of potential US policy decisions on global trade, and animal health.

ORNUA FOODS

Kerrygold 1lb stick was ranked number one innovation in the US butter category during the year.

Ornua's global consumer foods division recorded further gains in 2024, spearheaded by the continued growth of the Kerrygold brand in key strategic markets.

Ornua Foods North America

Despite high food inflation and disrupted consumer confidence, the Ornua Foods North America team navigated market challenges effectively throughout 2024, growing Kerrygold's household penetration to record levels in the market. This impressive result has strengthened the brand's standing as the number two within the overall butter category in the world's largest consumer market.

Kerrygold expanded its presence through partnerships with club retail customers leading to all-time high gains in the club channel, further supported by the launch of a new 1lb butter stick pack which became the most popular 'new' item within the category. Kerrygold also made continued headway across the LATAM region where the brand is well poised for continued future growth.

Ornua Deutschland

A weakened economy in Germany continued to adversely impact consumer sentiment and spending during the period, coupled with high cost inflation in a competitive market environment. Against these difficult conditions, Kerrygold had a challenging year in Germany but the brand maintained its position as the number one butter brand in the market. Kerrygold expanded its product offering, picking up two *Product of the Year Awards* for its Chilli Cheddar and Garlic Butter products.

The local roll out of the new *May Your Table Always Be Full* global campaign generated approximately 600 million contacts across all media including TV & digital.

Ornua Foods UK

In the UK, Kerrygold ended 2024 as the number two block butter brand and the fastest-growing brand in the category. This followed the launch of the 100g Kerrygold Butter stick in the market, supported by the roll out of the global advertising campaign in the first half of the year across TV and broadcast video-on-demand.

The Ornua Foods UK team also recorded the highest ever distribution for Pilgrims Choice, the number two cheddar brand in the market. At an operational level, collaborative partnerships with key retail customer partners across the own-label cheese category supported continued growth.

Ornua Foods International

The Ornua Foods International division, which is responsible for the distribution, marketing and sale of Kerrygold in Ireland, parts of Central Europe, and Southeast Asia, achieved a number of key milestones in the period including the introduction of the Kerrygold Cream Cheese range in Ireland. Kerrygold also celebrated 45 years in Greece, where it is the number three brand in the cheese category.

Kerrygold Park

Kerrygold Park, the global home of Kerrygold butter production, had a record year in terms of output following its first full operational year after the completion of a major expansion project in 2023. The facility, which is a core function within the brand's innovation platform, also collaborated with market teams to introduce several new SKUs and formats, including a blended butter with avocado oil and a convenient 3-pack foil carton. The Kerrygold Park team progressed several packaging trial initiatives during the year while supporting the rollout of a new brand visual identity across packs.

Golden Opportunity

Kerrygold's strategic growth, innovative product offerings, and robust brand investment have solidified its position as a leading global food brand, driving value and success across multiple markets.

The development and introduction of an updated logo and pack design enhanced visibility and consistency on shelves, bringing a universal look and feel across the full Kerrygold portfolio, while the brand's social footprint grew to 1.1 million followers, following a social and digital marketing transformation project. In 2024, the brand continued the roll-out of its global campaign *May Your Table Always Be Full* in the UK and Germany.

Kerrygold's focus on brand building earned the brand numerous accolades in 2024, including being named "The Best Butter" by The New York Times' Wirecutter reviews team, "Best Butter" by The Kitchn according to award-winning chefs, and "The Absolute Best Unsalted Butter" by Tasting Table.

During the year Cesar França was appointed Managing Director of the Global Foods Division, bringing over 25 years' experience in leading and growing household FMCG brands across multiple categories including dairy, beverages, and cereals. Cesar's appointment followed the departure of Róisín Hennerty following her distinguished career with the business and immense contribution to the Kerrygold global growth story.

12 million

retail packets of Kerrygold butter and cheese sold globally each week

ORNUA INGREDIENTS

Ornua Ingredients International specialises in the supply of high-quality Labneh cheese to the Middle East & Africa

In 2024, Ornua Ingredients achieved significant milestones across its global operations, focusing on cost management, customer collaboration, and optimising value-add opportunities, positioning itself for continued success in the competitive global food ingredients market.

Ornua Ingredients Ireland

Ornua Ingredients Ireland delivered a solid performance in the period despite the reduction in product supply volumes due to a decline in Irish milk output. A resilient focus on leveraging its global supply chain supported the agility of the business and its competitiveness in a volatile trading environment.

The Ornua Ingredients Ireland team, along with colleagues at Ornua's cutting-edge research centre in Moorepark, Co. Cork, hosted the company's second annual Global Innovation Forum bringing together colleagues from across Ornua to exchange insights and showcase new product development projects with international customer partners. As milk volume growth slows, Ornua Ingredients Ireland continues to play an important role in enhancing the business's innovation culture globally, which will be a central driver of value in the years ahead.

Ornua Ingredients International

Ornua Ingredients International delivered year-on-year gains across the Middle East and Africa recording a positive trading performance in the face of turbulent market conditions. This success was driven by close collaboration with customers and a strong focus on cost efficiencies throughout the supply chain.

In Nigeria, the market faced substantial currency depreciation, however, the agile and dynamic team based in Lagos, managed to offset its impact and continue to grow Kerrygold Avantage milk powder in the market, through focused brand activations and growing distribution in open markets, supported by sampling activity nationally.

In Saudi Arabia, Ornua Ingredients International launched a softer white cheese used in pre-bake applications in the bakery category, expanding the business's product portfolio for key strategic customers across the region.

In partnership with Ornua's Ingredients Europe business unit, the team successfully launched new cheese appetisers with quick-service restaurant (QSR) customers across the Middle East, while securing recognition by a major global QSR customer as its *Strategic Partner of the Year* for the Middle East and Africa.

Ornua Ingredients Europe

Ornua Ingredients Europe specialises in the development and delivery of innovative cheese solutions for the QSR and foodservice sectors. During the year, these sectors were particularly affected by the persistence of cost inflation, increasing price sensitivity, and intensifying competition. However, the business continued to collaborate with customer partners with a focus on new product development and go-to-market service support.

During the period over 30 innovation sessions were held with key customers across 10 countries, strengthening partnerships and collaborative development. New product launches included a cheese appetiser with a major QSR customer successfully introduced to the UK market, and an innovative string cheese solution for a leading global QSR pizza chain. Ornua Ingredients Europe received three awards from a global pizza chain partner, recognising excellence in product innovation and service delivery.

The business successfully completed the sale of its nutrition blending and packing business to Allicio in early 2024. The completion of the divestiture ensured high levels of job retention, business continuity, and improved working capital. The business retained its dairy powder trading operations and secured the ongoing supply of Irish dairy products to Allicio, maintaining a strategic route to market.

Capital expenditure initiatives included the implementation of advanced end-of-line packing automation at Ornua Ingredients Europe's Nantwich UK site, significantly enhancing operational efficiency. Additionally, a new string cheese production line was installed at the Ávila, Spain facility, expanding manufacturing capacity.

Ornua Ingredients North America

2024 proved to be a tumultuous year for Ornua Ingredients North America (OINA), marked by reduced customer demand and a weak CME cheese price in the first half. The market faced significant pressure as consumer confidence waned in the US, driven by affordability concerns. This shift led consumers to favour private labels over established brands, further compounded by a general decline in processed food spending.

Despite these hurdles, OINA made notable strides. The business enhanced customer engagement through innovation sessions with 12 key strategic customers at their R&D facilities in Hilbert and Whitehall, Wisconsin, leading to the development and commercialisation of over 200 new products. Investments in automation improved efficiencies at the business's Hilbert and Whitehall sites.

Ornua's global ingredients division faced a dynamic and challenging year, but despite significant external headwinds, the global team successfully navigated complex market conditions, maintaining strong relationships with customers and strengthening the business's position as a leading supplier of choice.

353K MT

of Irish dairy product purchased in the year.

Ornua's Common Ground strategy defines the business's approach to sustainability, focusing on three core pillars: Planet, People, and Products. It outlines Ornua's commitment to safeguarding the environment, creating better outcomes for people, and bringing responsibly-produced, quality products to the world.

Planet

Safeguarding the future health of the world we share and live in.

COMMON GROUND. WHERE WE STAND ON SUSTAINABILITY

People

Striving to create better outcomes for people.

Products

Bringing quality products to the world that are trusted and produced responsibly.

Planet

Safeguarding the future health of the world we share and live in.

Climate & Nature

Ornua is committed to improving its impact on climate and nature by changing how the business operates in a changing world. The steps the business is taking in line with this commitment are focused on two key areas: decarbonising operations and supply chain, and enhancing biodiversity and water quality.

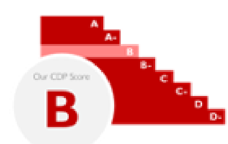
Decarbonising Operations & Supply Chain

Reducing emissions within our own operations and our supply chain.

Throughout the year, the business continued to integrate renewable energy sources across its manufacturing footprint, resulting in further progress in carbon emissions reduction. Over half of Ornua's production energy consumption is now powered by renewable electricity, representing significant progress. This transition has contributed towards a 16.9% reduction when compared to 2023, bringing the total percentage reduction in Scope 1 and 2 emissions since 2020 to 29.4%. This result has seen the business exceed its 2025 target of a 25% emissions reduction.

Prior to the end of the period, Ornua received validation of its near-term science-based targets through the Science-based Targets initiative (SBTi). Recognised across industry sectors as the leading global standard for establishing carbon emissions reduction targets, the SBTi provides a framework which benchmarks targets against the 1.5-degree pathway in line with the Paris Agreement on climate change. Ornua has committed to a 42% reduction in Scope 1 and 2 energy and industrial emissions and a 30.3% reduction in Scope 3 FLAG (Forest Land and Agriculture) emissions by 2030 from baseline year of 2022.

Since 2018, Ornua has been actively participating in the Carbon Disclosure Project (CDP) to report its emissions, which is fully aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. CDP integrated water and forest environmental issues into its methodology in 2024 alongside climate change. Ornua's CDP climate disclosure rating improved from C to B in 2022, in 2023 and 2024 that rating has been maintained.



Ornua Dublin achieved the Smarter Travel Mark at Bronze level, awarded by the National Transport Authority of Ireland, recognising the business's commitment to promoting sustainable travel and commuting habits.

Enhancing Biodiversity & Water Quality

Working to preserve and restore biodiversity and support farming in harmony with nature.

In 2024, Ornua began a project to assess biodiversity at Ornua's manufacturing sites globally to better understand and mitigate the environmental impact of the company's operations. The project involves evaluating local ecosystems, identifying key biodiversity impact drivers, and examining water-related risks, such as wastewater management.

During the year, Ornua continued to support Dairy Sustainability Ireland and the Agricultural Sustainability Support and Advisory Programme which connects farmers, industry, and government stakeholders to improve water quality and promote sustainable land management practices. These initiatives focus on providing farmers with targeted advice, practical tools, and training to reduce nutrient runoff and enhance soil and water health.

HIGHLIGHTS

- OINA Hilbert site in Wisconsin moved to renewable energy, decreasing emissions. The site was awarded bronze medal by EcoVadis, recognising its operational sustainability performance.
- Ornua tracks energy efficiency across its manufacturing sites. In 2024 a 5% overall improvement in global manufacturing energy efficiency was delivered.
- Ornua continues to support the VistaMilk research programme operated by Research Ireland and the Department of Agriculture Food and the Marine, which examines innovative on farm practices and new technologies designed to improve sustainability of the dairy supply chain including Scope 3 emissions.

Planet

Safeguarding the future health of the world we share and live in.

Circular Economy for a waste-free future

Ornua is committed to protecting the health of the environment by managing resources efficiently, reducing waste, and improving waste management within its operations through circular principles. The steps the business is taking in line with this commitment are focused on two key areas: Packaging and Food Waste.

Packaging

Improving the recyclability and sustainability of packaging to prevent packaging waste from ending up in the environment.

Throughout 2024, the business has accelerated progress by enhancing data reporting capacity and investing in capability and talent. Building robust packaging data for all packaging, including secondary packaging, will inform the development of a new sustainable packaging strategy and roadmap for the Ornua Foods division. While this process has progressed, the business has focused on accelerating trials of alternative packaging solutions for on-shelf packaging through internal R&D and external supplier collaboration.

Food Waste

Reducing food waste across the value chain.

As a signatory to the UN's Sustainable Development Goal 12.3, Ornua is committed to halving Food Loss and Waste by 2030, from a 2020 baseline. Ornua reports Food Loss and Waste data annually to the Waste and Resources Action Programme (WRAP), aligning with industry best practices for transparency and benchmarking. WRAP reporting enables organisations to identify improvement opportunities, track performance against global targets, and contribute to collective efforts to reduce food waste.

Ornua collaborated with Anthesis in 2024 to validate and refine Food Loss and Waste data collection methods. This collaboration resulted in the initiation of an ongoing pilot project to enhance the accuracy of food waste measurement in effluent. Additional Food Loss and Waste reduction efforts include tracking cream losses in the butter manufacturing process, improving machine downtime monitoring, and working closely with suppliers to address intake inefficiencies.

People

Striving to create better outcomes for people.

Protecting People & Places

Ornua is committed to looking after people at work, guaranteeing equal opportunities to people of all backgrounds, and creating a fairer and more inclusive society where everyone is respected. The steps the business is taking in line with this commitment are focused on three key areas: Diversity and Inclusion, Health and Safety, and Human Rights.

Diversity & Inclusion

Building a fair and inclusive society where everyone belongs and is treated equally, starting within the business and value chain.

To strengthen a culture of diversity and inclusion (D&I) across the business, Ornua established a new D&I Global Steering Group in 2024. The group aims to accelerate action and drive progress.

The steering group led the development of a new D&I strategy for the Group with the objective of broadening its scope and recognising diversity in all its forms. The new strategy, which will support the implementation of *Common Ground*, focuses on six key dimensions: Gender Balance, Disability, Cultural Diversity, LGBTQI+, Generations, and Neurodiversity.

In the current year and years ahead, Ornua is committed to delivering its D&I strategy through investment in education and advocacy; recruitment, retention and development of talent; and ensuring that ways of working and policies are fit for purpose. Outlined within the strategy are a number of hero targets that the organisation is committed to reaching in the years ahead. In 2024, Ornua met its previous target of reaching a 45% female representation in its Senior Succession Pool. Within the new D&I strategy Ornua has set a '50:50 by 2030' Gender Balance in Top 100 Roles target.

Ornua's third Gender Pay Gap Report which includes data relating to Ornua Co-operative – the company's Ireland-based global headquarters – and Kerrygold Park in Co. Cork, found the average pay gap for all Ireland-based operations was 25% (median 7%). Ornua Co-operative's Average Gender Pay Gap was 37%, up 5% from last year, and its Median Gender Pay was 30% which is unchanged from last year.

As the global headquarters for Ornua Group, Ornua Co-operative accounts for most senior executive roles with global responsibilities and corresponding pay rates and bonus levels.

The results within the 2024 Gender Pay Gap Report are largely reflective of changes in female representation at Executive and senior leadership level when compared to 2023, as well as traditional employment patterns in the Irish dairy sector. The business has significant progress to make in addressing its gender representation challenge and is actively working to achieve this through the measures and targets it has set, including its 50:50 by 2030 gender balance target for senior leaders.

Members of Ornua's Diversity & Inclusion Global Steering Group in 2024.

Health & Safety

Striving to maintain a safe and healthy workplace for all colleagues.

Protecting people in the workplace remains Ornua's highest priority. In 2022, the business committed to reducing its accident rate to fewer than 2.5 accidents per 100 employees by 2027, with the ultimate aim of eliminating all work related accidents.

Throughout 2024, the company continued to develop and implement its Health & Safety Management System across all facilities. Investments in equipment improvements, staff training, and better safety practices were made resulting in measurable improvements, with Health & Safety outcomes consistently advancing. In 2024, the company achieved a reduction of 40% in total workplace accidents, reaching its 2027 target three years ahead of plan with the ultimate aim of eliminating all work related accidents. The accident rate at year-end was 2.22 accidents per 100 employees.

Kerrygold Park overall winner of the Food & Drink sector at the National Irish Safety Organisation Awards.

Human Rights

Ensuring the rights of people within the business and its supply chain are fully and wholly respected.

Ornua is dedicated to upholding internationally recognised human rights and ensuring the business acts ethically and with integrity through policies and initiatives including the Code of Business Conduct & Ethics, Dignity at Work policy, and Ethical Trading policy. This commitment extends through the business's full value chain, supported by its Business Partner Code of Conduct, Procurement policies, and Group Responsible Sourcing Framework. Through these protocols, Ornua commits to only working with business partners and suppliers who can consistently meet the standards, specifications, and values of conduct that are compatible with Ornua.

People

Striving to create better outcomes for people.

Enriching Lives & Communities

Ornua is committed to strengthening the social fabric, resilience and prospects of its global community, the communities the co-operative represents, and the communities in which the business operates. The steps Ornua is taking in line with this commitment are focused on two key areas: Supporting Our People and Community Development.

Supporting Our People

Enabling every Ornua colleague, present and future, to realise their full potential.

In challenging global employment market conditions, the business continued to introduce supporting initiatives on reward, benefits, ways of working, development, and wellbeing to enhance the employee experience. Additionally, the business maintained a strong focus on hiring and developing early career talent. 11 graduates joined Ornua in September (7 Female, 5 Male) taking up their first rotation across a range of business areas and 11 graduates completed Ornua's two-year programme, taking up permanent positions in the business. In the UK and Germany, a total of 14 apprentices commenced apprenticeships with Ornua during the year.

The business continues to focus on developing future leaders through a range of bespoke training programmes and talent initiatives. 2024 marked the launch of a new programme called The Mentor Hub, connecting senior leaders and emerging talent as part of a formal mentor and mentee development exchange. 23 Senior Leaders from across the Group completed the Global Leadership Programme, in partnership with the UCD Smurfit Business School. Over 60 Leaders across the business also successfully completed the new Ornua People Leadership Suite designed to enhance team leadership and management skills. 36 Manufacturing Leaders attended the Managing Matters programme during the year, while a new High Potential programme for emerging talent within the Ingredients International business was established, marking a blueprint programme for other Ornua locations.

People engagement continues to be a priority for the business and in the 2024 annual employee engagement survey '*Your Voice*' Ornua increased its participation rate to 85% (up 1% on 2023) and grew engagement by 0.1 to 7.6.

Ornua's Global IT team obtained ISO 27001 certification - the leading international standard for Information Security Management Systems.

HIGHLIGHTS

- Awarded the Platform 55 'Investing in Families at Work' Employer Award for the second year running.
- Ornua Foods UK awarded Staffordshire Chamber of Commerce Employer of the Year Award.
- 14 Global Wellbeing events delivered.
- Ornua Ingredients International launched a new leadership development programme, '*Empower*', to fast-track key talent within the Middle East & Africa operations.

Community Development

Improving lives and livelihoods, to create a lasting and positive social impact in the communities Ornua is connected to, including the co-operative community and the communities where Ornua does business.

Ornua, in partnership with the National Dairy Council (NDC) in Ireland, continued to champion best practice in sustainable dairy farming and milk production through the 2024 NDC & Kerrygold Quality Milk Awards. The long-standing programme sees dairy co-operatives across Ireland nominate their top suppliers, who are then assessed by an independent expert judging panel based on milk quality, animal care, farm infrastructure and hygiene, soil and grassland management, and technical performance, among other core environmental indicators. In 2024, 11 farming families representing 11 Co-operatives were recognised for excellence in dairy farming with the Kennedy Farm, supplying Dairygold Co-operative, recognised as the overall winner.

The business continues to sponsor organisations that contribute to positive change in the communities where Ornua operates. These partnerships focus on five key areas: Climate Action, Diversity, Education & Research, Supporting People in Need, and Safe Supply of Nutritious Food.

HIGHLIGHTS

- Ornua supported initiatives and projects aimed at supporting farming communities domestically through education, advocacy, and support including EMBRACE farm, Agri Aware, Animal Health Ireland, and Dairy Women Ireland.
- Ornua's Global Charity Partner for 2024 was UNICEF Children's Emergency Fund which provides disaster relief and life-saving support to children across the world impacted by conflict and natural disasters.
- Ornua was recertified for the Business Working Responsibly Mark in Ireland, the recognised standard for corporate sustainability, established by Business in the Community Ireland.
- Ornua's Global Volunteering Programme saw volunteer hours increase threefold year-on-year, with support pledged to a variety of initiatives and causes in local communities around the world.
- Ornua renewed its partnership with FoodCloud in Ireland, reinforcing the company's commitment to food waste reduction and community support.
- Product donations, including through FoodCloud (IE), Fare Share (UK), Tafel Hamburg (DE), Voedselbank (NL), and Fight2Feed (US), saw the equivalent of approximately 124,000 meals donated on behalf of Ornua to communities in need.
- The Ornua Empowered Fund, the company's long-running employee-led charity fund, continued to support community resilience with donations matched by Ornua. Projects included Mission Vale, South Africia, Little Saints Orphanage in Nigeria, and 'Backyard sack gardens' in Malawi via the Self Help Africa's Women's food security programme.
- Group and local in-market teams continued to support charitable organisations across a wide range of activities including sports in the community, disaster relief, and homelessness.

Kerrygold Park announced its support of the Mitchelstown Community First Responder Group.

Products

Bringing quality products to the world that are trusted and produced responsibly.

Creating Products Responsibly

Ornua is committed to ensuring the materials the company uses are responsibly sourced and the products it creates are sustainably produced and safe for people to enjoy. The steps the business is taking in line with this commitment are focused on three key areas: Responsible Sourcing, Product Quality & Safety, and Animal Welfare.

Responsible Sourcing

Strengthening the sustainability of our full supply chain and supporting the further development of sustainable farming practices.

The business focused on enhancing its high standards of responsible procurement through programme and policy development in the year. This included the development of the Group's first global Deforestation policy, which will align with Ornua's commitment of eliminating deforestation and other natural ecosystem conversion across its supply chains, and global operations by 2030.

Ornua's drive to improve transparency within its value chain has been further supported by data collection and management through tools such as Foods Connected and Sedex (Supplier Ethical Data Exchange), supporting supply chain sustainability, and ensuring ethical business practices and labour standards.

The Bord Bia Sustainable Dairy Assurance Scheme (SDAS) was developed to ensure that Irish dairy products are produced sustainably to the highest standards. The scheme is internationally benchmarked and provides quality assurance to global customers of Irish dairy products. Ornua, along with its Member Co-operatives, continue to work with Bord Bia on the development of the scheme to ensure it remains fit for purpose and responsive to market needs and on-farm developments.

Through Ornua's engagement with the SDAS, the business is committed to supporting the sustainable development of Irish dairy farming and in turn protecting value returns for quality-assured and sustainable Irish dairy products.

2024 NDC & Kerrygold Quality Milk Award finalist and Barryroe Co-op supplier Eoin Hayes pictured at his farm in Kinsale, Co. Cork.

HIGHLIGHTS

- Support of the Bord Bia Origin Green Ambassador Programme, developing talent in the areas of social responsibility and sustainability in agri-food.
- Ornua retained its Origin Green status in 2024, achieving exemplary status in areas such as Raw Materials, Packaging, Product Health & Nutrition, Community Engagement, and Employee Wellbeing.
- Funding of Bord Bia's promotion of Irish dairy sustainability standards internationally.
- Continued support of Bord Bia's SDAS Farmer Engagement programme, to further promote the SDAS.
- Ornua Sustainability Scholarship offered in partnership with UCC for a third year, supporting the MSc in Sustainable Development, Agri-Food, and Co-operatives – a first-of-its-kind programme, integrating co-operative approaches into the study of sustainable development and agri-food.

Product Quality & Safety

Ensuring products are safe, accessible and of the highest quality for customers and consumers.

Throughout 2024, the business continued to strengthen its food safety culture through professional development, knowledge-transfer, and continuous improvements within management systems and processes to protect against potential future food safety hazards. This included increasing the number of sites participating in Ornua's Global Food Safety Culture survey to support improvements.

Ornua continues to work to the highest audit standards within its manufacturing operations and ensures an ethos of 'audit ready every day' through its defined audit readiness programme. An increased number of unannounced audits were completed successfully in the year.

The company also celebrated World Food Safety Day and World Quality Day across the global operations, raising further awareness of the importance of food safety and quality within the organisation.

Animal Welfare

Embedding the highest animal welfare standards across the supply chain.

All suppliers to the Kerrygold brand are externally audited and compliant with the SDAS. Criteria set out within the scheme includes stringent requirements around animal welfare, health, and nutrition. Compliance with SDAS and the Five Freedoms is a requirement within Ornua's Kerrygold purchasing contracts with its Member Co-operative suppliers.

In 2024, Ornua partnered with UCD Lyons Farm in Ireland, to focus on expanding the national research capacity on rearing dairy calves.

Ornua CEO Conor Galvin pictured alongside Professor Orla Feely, President of UCD, and industry partners at the opening of the Dairy Calf Education and Research Facility at UCD Lyons Farm.

The initiative, which is supported by a consortium of industry partners alongside Ornua, has seen the development of a new state-of-the-art Dairy Calf Education and Research Facility at Lyons Farm. The facility, which is now fully operational, is designed using the best-in-class housing and precision agriculture technologies, to address critical challenges in dairy calf rearing while supporting the sustainability of the Irish dairy farming sector.

Through the 2024 NDC & Kerrygold Quality Milk Awards and funding of the Animal Health Ireland Cell Check Awards, Ornua continued to promote and advocate for excellence in animal health and welfare within the domestic dairy sector.

Governance

Corporate Governance Report

Ornua Co-operative Society recognises the critical role governance plays in the success of the Co-operative. Ornua's Board, Advisory Council, and Executive Management are committed to achieving the highest standards of co-operative corporate governance and leadership and have developed governance systems to reflect Ornua's unique characteristics and requirements as a globally competitive dairy co-operative. Our governance systems are regularly reviewed and updated to align with best practice.

Ornua applied the principles of the Plunkett Institute Code of Corporate Governance (the Code) in 2024. The Code sets out a specific framework of governance applicable to co-operative societies in Ireland. Much of the Code follows the UK Corporate Governance Code which is applicable to publicly-owned corporations but re-prioritises some of their objectives to cater for the specific attributes of co-operative businesses rather than investor-owned companies.

The structure of the Code sets out the high-level principles in respect of governance standards to be achieved by a co-operative and then details the specific provisions which co-operatives must comply with to meet those principles. The Code requires co-operative boards to comply with the principles or explain to the satisfaction of their membership why the board chooses to apply a different principle to that recommended by the Code.

The Members of Ornua approved changes to the Rules of the Society at a Special General Meeting held in May 2024. Rule 42 (f) was amended to provide for the staggered rotation of Board members. Rule 45 (a) was amended to provide for the appointment of non-directors to committees of the Board where a need for additional expertise has been identified. A maximum of one such non-director, who must be non-conflicted, may be appointed to each committee.

Statement of Compliance with the Plunkett Institute Code of Corporate Governance

During the financial year ended 28 December 2024, Ornua is pleased to report that it has fully complied with all provisions set out in the Plunkett Institute Code of Corporate Governance with the exception of those provisions which are not directly applicable to Ornua's governance structure (as a second-tier co-operative) as further detailed below. Where Ornua has not complied with the letter of the provisions, we are confident that the alternative arrangements comply with the underlying principles.

Sub-Committees

Provision A.1.2 of the Code provides for the establishment of a sub-committee to manage specific obligations. Ornua has a number of standing and ad-hoc committees and structures in place to achieve the oversight of these obligations. Ornua complies with the main principle of ensuring appropriate member representation structures and communication channels are in place and that these structures are properly resourced and serviced. Member relations and communications are managed through a Member Relations team while Board size is determined by the Rules of the Society.

Elected Directors

Provision A.1.2 (ii) requires training to be provided to directors, aspiring directors, and members. Training of directors is overseen by the ESG and Rules Committee. As Ornua's member-nominated directors are appointed rather than elected, it is not possible for Ornua to provide training to aspiring directors or its corporate members.

Term Limits

Provision B.1.5 provides that there should be a maximum limit of 12 years on the tenure of directors. The Rules provide for a maximum term limit of two terms of four years for INEDs and directors nominated by the member co-ops. Directors nominated by the IFA, ICMSA, and ICOS currently do not have a term limit.

Active Trading Membership

Ornua's Member Co-operatives are corporate entities therefore Provision B.3.1. which envisages that the Chair be an active trading member cannot be applied. In accordance with the Rules of the Society, the role of Chair is held by an independent non-executive director.

Nomination Process

As Ornua's member-nominated directors are appointed and not elected, the process for nomination for election is not applicable. (Provision A.1.2 (iii) and B.13.1)

Risk Management and Internal Controls

Provision C.2.4 relates to the carrying out of a review of the effectiveness of risk management and internal controls. The process of assessment of effectiveness of internal controls at Ornua is through a review of reports issued by the Internal Audit function and any recommendations from external auditors. An internal system is currently being developed to centralise compliance confirmation with internal controls.

Audit

Provision C.3.6 relates to the carrying out of a review of the effectiveness of risk management and internal controls. The process of assessment of effectiveness of internal controls at Ornua is through a review of reports issued by the Internal Audit function and any recommendations from external auditors.

Further details of how the principles of the Code have been applied can be found throughout this Corporate Governance Report, the Directors' Report, and Committee reports.

Governance Structure

Ornua's governance structure is comprised of two distinct bodies: the Ornua Advisory Council and the Ornua Board.

The Advisory Council

The Advisory Council is made up of individuals appointed by Ornua's Member Co-operatives, one appointee each from the IFA, ICMSA, and ICOS and the Chair of the Board (an independent non-executive director). The primary role of the Advisory Council is to monitor, on behalf of the Members of Ornua, the direction, performance, and operations of the Group. To this end, it holds four meetings annually with the Executive of Ornua to discuss Ornua's performance and high-level strategic direction. The Advisory Council decides whether to approve any person nominated by the Board to act as an independent non-executive director.

The Board

The Board of Directors is composed of non-conflicted directors nominated by Ornua's Member Co-operatives, non-conflicted directors appointed by farmer or industry organisations, executive directors, and independent non-executive directors. The Board's principal responsibilities are to agree overall strategy and investment policy, manage risk, approve major capital expenditure, ensure accountability and conformance, provide an essential challenge function to the Chief Executive Officer and Executive Management Team, monitor Executive performance, and ensure that good corporate governance is upheld at all times, including the presence of proper internal controls and risk management practices.

As well as ensuring compliance with its principal legislative duties as set out under the Companies Act 2014 and the Industrial and Provident Societies Acts, 1893 to 2021, the Board has a number of matters reserved for its consideration (see list of Matters Reserved for the Board below), which were reviewed and updated by the ESG and Rules Committee and Board during 2024. The Board also operates in accordance with the terms of its own Governance Manual and Terms of Reference which were also reviewed and updated by the Board during 2024.

The Board plays a key role in scrutinising financial and business performance. The Group's planning and financial reporting procedures include detailed operational budgets for the year ahead, the delivery of KPIs, and a regularly updated five-year strategic and financial plan, all of which require Board review and approval.

The Board receives regular reports on important operational and business issues arising in its two Group divisions: Ornua Foods and Ornua Ingredients. It also receives topical briefs and training during the year to assist individual directors to remain fully informed and responsive to relevant developments.

Board training during 2024 included sessions on health and safety, cyber security, sustainability, the dairy commodities market, the US consumer market for dairy products, and risk management.

In addition to the training sessions referred to above, the Board held seven ordinary meetings in 2024 which covered routine Board business and three special meetings regarding the appointment of the new CEO, the closure of the Ornua Ingredients North America facility at Slippery Rock, and the sale of shares in CoreFX Ingredients LLC. In May, the Board visited the recently expanded Kerrygold Park manufacturing site and held the Board meeting there. The Board also visited Shinagh Farm, Cork which showcases high-performance dairy combined with sustainability along with the Teagasc research and innovation facility in Moorepark. In September, the Board visited Ornua Ingredients North America and Ornua Foods North America. The Board met with the local management teams and received a tour of the respective facilities. In addition, the Board conducted a number of retail store visits led by the Ornua Foods North America team. Attendance at Board meetings in 2024 was 97%.

Matters Reserved for the Board

The following are the key matters reserved for the Board.

- Responsibility for the overall leadership of the Society.
- Establishing the Society's values, vision, and mission.
- Approval and monitoring of the Society's strategic plan and review of performance against the plan.
- Changes to the Group's corporate structure.
- Approval of the annual report and financial statements.
- Approval of: cash bonus payments and policies; dividend policy and payments; finance facility arrangements with third parties; annual budgets and oversight of same; capital expenditure budgets and major investments; and the divestment of assets.
- Setting the organisation's risk appetite, approval of risk management policies, and monitoring the effectiveness of risk and control processes.
- Approving procedures for the prevention and detection of fraud and bribery.
- Approval of contracts over a specified limit and meeting agreed criteria.
- Ensuring a satisfactory dialogue with shareholders and approval of resolutions to be put to shareholders at a general meeting.
- Appointment and removal of directors, Chief Executive, Secretary, and External Auditor.
- Determining the remuneration policy for the executive directors, Secretary, the Executive Team and non-executive directors.
- Establishing Board committees, approving the membership of committees and their terms of reference.
- Approval of the settlement of any litigation or claim over a specified threshold.
- Approval of changes to the rules of the Group's pension schemes.
- Monitoring the effectiveness of the Group's corporate governance; and
- Approval of key business policies.

Board Evaluation

A key element of good governance is an annual evaluation to ensure that the Board, its committees, and Board members are continuing to operate and perform effectively. Ornua has established a formal process for the annual evaluation of the Board and a biennial evaluation of the Board's committees. A formal external evaluation takes place every three years.

An external evaluation process facilitated by the Institute of Directors (IOD) began in the last quarter of 2023, continuing into the first quarter of 2024. The review considered the effectiveness of the Board and its committees and was carried out through the use of an online questionnaire tool and through individual interviews held with each Board member. Meetings of the Board and its committees were also observed. The IOD issued a report on its findings in March 2024 which contained a number of recommendations which were then considered by the Board. An action plan was developed and agreed and the Secretary provided regular updates to the Board on progress made against those agreed actions.

At the end of 2024, 14 of the 16 recommendations made by the IOD had been closed with the remaining two scheduled for closure in the first half of 2025.

The Board met, absent the Chair, in September 2024 to discuss his performance during the previous year. The discussion was led by the Vice-Chair and feedback was provided to the Chair arising from these discussions. The Chair conducted one-to-one discussions with each director on their performance during the previous year in August 2024.

A survey of Board skills and experience was carried out by the Secretary in June 2024 and a report on same was presented to the Board in July 2024. The results of the survey were also shared with the Chairs of each Member Co-operative to facilitate a greater understanding of the skills required on the Board.

Conflicts of Interest and Business Conduct and Ethics

In accordance with Ornua's Conflicts of Interest Policy, a Register of Directors' Interests is maintained. Directors make declarations of interests upon appointment, then again periodically during their term of office where a particular issue or event prompts a declaration of interest. A Code of Conduct for the Ornua Board of Directors addresses the standards required of each member in the performance of their functions as a member of the Board.

The Directors' Code of Conduct was reviewed and updated by the ESG and Rules Committee in 2024 and approved by the Board in November.

The Chair

The Chair, who is elected by the Board annually, must be an independent non-executive director. The Chair's primary role is to facilitate good corporate governance by ensuring that the Board is in full control of the Society's affairs, aware of its legal and other obligations and alert to its responsibilities to shareholders. The Chair ensures that the Board is kept properly informed, is consulted on all issues reserved to it and that its decisions are made in a timely and considered way, to enable the directors to fulfil their duties. There is a clear division of responsibilities between the Chair and the Chief Executive Officer (CEO).

The Directors

The directors are entrusted to bring an independent judgement to bear on all matters of consideration. Their wide-ranging experience, backgrounds, and skillsets ensure that they can contribute significantly to the Board and, specifically, engage in constructive debate and provide an effective challenge to management in relation to both the development of strategy and the performance of the Group against the goals set by the Board and the Society's stakeholders. The Chair liaises with the individual directors informally during the year. These communications, and other regular informal discussions, create the opportunity for valuable input from all directors.

The CEO and Executive Team

The CEO has responsibility for ensuring that the organisation and its subsidiary companies operate effectively and to a high standard of probity. The appointment and removal of the CEO is a decision reserved for the Board, in accordance with the Rules of Ornua Co-operative Society. The operational day-to-day management of the Group is delegated by the Board to the CEO. The CEO chooses to deliver the performance of executive functions by way of a team of executive-level employees. The CEO is responsible for leading, managing, and controlling the Group, save for those matters reserved for decision by the Board and/or its committees.

The Executive team is subordinate to the Board. The key responsibilities and tasks delegated to the Executive team include:

- implementing Board strategy, decisions, and policy;
- monitoring compliance with legislative requirements and the Rules of the Society;
- ensuring effective performance and co-ordination of the Group's business activities within its divisions;
- overseeing operational performance, including health and safety, and sustainability performance;
- monitoring and controlling financial performance; and
- approving expenditure and other financial commitments as delegated by the Board.

The Secretary

The Board is guided in the lawful and diligent performance of its functions by the Secretary who attends all Board meetings. The Secretary facilitates Board business through the provision of timely and appropriate advice on matters of law and governance. The Secretary works closely with the ESG and Rules Committee which is tasked with advising the Board on corporate governance best practice. The Secretary develops and manages a training programme for the Board as agreed by the ESG and Rules Committee and approved by the Board. The Secretary also advises the Board on appropriate procedures for the management of its meetings and the effective discharge of its duties. With the approval of the Chair, and on the advice of the CEO, the Secretary sets the Board meeting agenda and order of business and follows up on all outstanding matters. The appointment and removal of the Secretary is a decision reserved to the Board. All Board directors have access to the confidential counsel of the Secretary, as and when necessary.

Independent Non-Executive Directors

A policy on the appointment and reappointment of independent non-executive directors (INEDs) and Terms of Reference for an INED Nomination Committee were developed by the ESG and Rules Committee and approved by the Board in November 2024.

Three INEDs sit on Ornua's Board. The Code requires that the rationale for the appointment of the individual INEDs is set out for Members in the Annual Report. Presented below are summaries of the backgrounds of the INEDs and the skill sets that they bring to the Board.

Aidan O'Driscoll (appointed 8 June 2022) has extensive experience within domestic and international agri-food trade, economics, policy, and leadership, having worked in a number of senior roles within Government departments including that of Secretary General in both the Department of Justice and the Department of Agriculture, Food & the Marine.

Anne McFarland (appointed 19 April 2021) is a Chartered Accountant with 40 years' experience in finance, international business, and governance. Anne's career has included a number of senior finance roles and directorships with private and listed firms across multiple international markets. She is also a published author on corporate governance.

Anne O'Leary (appointed 19 April 2021) is a Certified Chartered Accountant with over 40 years' experience. Anne has extensive experience in financial analysis and financial reporting having advised on acquisitions, divestments, restructuring, and debt financing. Most recently, she was a senior audit partner with EY where she advised a range of international clients across a wide range of sectors.

Corporate Sustainability Reporting Directive

At Ornua, the Corporate Sustainability Reporting Directive (CSRD) holds significant importance as a crucial reporting obligation that we are diligently prioritising. Currently, we have embarked on our preliminary Double Materiality Assessment (DMA), which is a vital step in our ongoing commitment to transparency and sustainability. Ornua's team is deeply engaged in meticulously evaluating the thresholds methodology and carefully analysing the material topics to ensure comprehensive coverage and accurate reporting. This process underscores our dedication to robust corporate governance practices and accountability in meeting regulatory requirements while also reflecting our core values of integrity and stakeholder engagement. By focusing on these critical aspects, Ornua aims to enhance its sustainability initiatives, strengthen relationships with all stakeholders, and drive positive impact within its operational framework. This conscientious approach to CSRD at Ornua underscores its proactive stance towards responsible business practices and transparent reporting, setting a solid foundation for long-term success and sustainable growth. Under current CSRD requirements Ornua's first reporting date will be 2027 for financial year 2026. Ornua is currently assessing the potential impact of the recent EU Omnibus proposal on this reporting deadline.

Internal and External Audit

Internal Audit

The objective of the Group Internal Audit function is to assist the Audit and Risk Committee in the effective discharge of its responsibilities. Group Internal Audit's role is to assist the Audit and Risk Committee and management to protect the assets, reputation, and sustainability of Ornua. The Group Internal Audit function performs reviews which provide independent assurance over the operation of the internal control framework, risk management systems, and governance processes across the business.

The Head of Internal Audit reports directly to the Chair of the Audit and Risk Committee and the CEO, thereby ensuring Internal Audit's independence and objectivity. In line with the charter, the Group Internal Audit function is afforded unfettered access to reporting lines throughout the business. The Audit and Risk Committee reviews and approves the Group Internal Audit function's charter, strategy, budget, and annual risk-based audit plan on an annual basis. The Audit and Risk Committee receives regular updates from the Head of Internal Audit on the delivery of the internal audit plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified.

External Audit

The external auditors provide the Audit and Risk Committee (as delegated by the Board) with reports on the external audit of the Group. The Committee annually assesses the external auditors' independence and objectivity, the effectiveness of the external audit process, the provision of additional services, and the level of audit and non-audit fees.

Deloitte were appointed external auditors in May 2024.

Risk Management

Ornua recognises that risk is naturally associated with achieving objectives and that managing risks protects Ornua from adverse events while growing the business. The Group's values lead its ethos around risk management, building a positive risk culture supported by formal risk management processes.

Risk Governance in Ornua

Ornua's risk management framework has been designed using the three lines of defence model (3LOD), which sets out how responsibilities are divided in relation to managing and monitoring risk.

Business	Risk Functions	Internal Audit
1st Line	**2nd Line**	**3rd Line**
The **First** Line of Defence or first line of monitoring risk is the managers and staff. They are responsible for identifying and managing risk within their own businesses or functions as part of their accountability for achieving objectives.	The **Second** Line of Defence is functions that oversee or specialise in compliance or the management of risk. For example, the risk management function, regulatory function, and operational risk. This line of risk monitoring provides the policies, frameworks, tools, techniques, and support to enable risk and compliance to be managed in the first line.	The **Third** Line of Defence is Internal Audit which actively monitors risk exposure within in-scope areas and provides independent assurances on the activities of the organisation across the first and second lines of defence.

Within the framework roles and responsibilities are allocated as follows:

Board	The Board has overall responsibility for risk management & internal control, setting risk appetite and the tone from the top to create a positive risk culture.
Audit & Risk Committee	The Board has delegated to the Audit & Risk Committee, the task of reviewing the design and effectiveness of the Group's risk management and internal control systems to ensure an effective process exists for the identification, assessment, and management of risk.
Executive	The Executive provide leadership ensuring the risk management policy is being followed while embedding a positive risk culture. The Executive responsible for risk management is the Chief Risk and Compliance Officer (CRCO).
Risk Management Committee	The Risk Management Committee (RMC), chaired by the CRCO is a multi-disciplinary group brought together to take an enterprise view of the risks facing Ornua providing enhanced coordination of risk management activities across the Group. The RMC meet as required, but at least quarterly.

Enterprise Risk Management Framework

The Ornua Risk Management Policy sets out how risk is to be managed, including details on the process and responsibilities. As required by the Policy, the Group has a framework for identifying, assessing, and managing risk, at all levels of the business, to ensure it remains alert to the ever-changing environment in which it operates. The Group's risk assessment framework underpins a common language and approach to risk management and facilitates the early identification and assessment of the principal risks and uncertainties facing the Group. By focusing on the early identification of business and emerging risks, the framework enables Ornua to consider the appropriate mitigation steps or management actions required to eliminate the risk or to reduce the risk to an acceptable level.

The Group risk register forms the basis for risk reporting. It is continually updated using both available internal and external information and updates from risk owners and other parts of the business. Bi-annually, the Risk Management Team compile a report on the key risks and submits it to the RMC for review and approval before it is laid before the Executive, Audit and Risk Committee, and the Board. The key focus of this report is to ensure the Group's residual risks are within the scope of what the Board is willing to accept, in order to achieve its strategic objectives.

In addition to this consolidated risk report, ongoing business risk updates are provided to the Audit and Risk Committee during the year by those within the organisation with responsibility for particular risk areas, for example, operational risk.

Risk Appetite Statements

The Ornua Risk Appetite Statements, approved by the Board in 2024, outline the level and types of risk the organisation is willing to accept in pursuit of annual objectives and the *'Path to Prosper'* strategy. A risk appetite rating scale has been applied to each statement, with appropriate quantitative and qualitative key risk indicators that align to our annual objectives. This enables practical application of the risk appetite with the organisation at Group level.

Principal Risks and Uncertainties

Ornua operates in a fast-moving, global foods market which is becoming more complex and challenging. The performance of the Group is influenced by a number of factors which need to be managed in order to achieve strategic objectives. Among the principal risks faced by Ornua, together with the key mitigating activities, are:

External Factors

Key Risk Area	Description of Impact	Key Mitigating Actions
Macroeconomic – Due to the Group's international operations, senior management recognises the significant macroeconomic challenges the sector faces and the implications these can have on the business.	Failure to monitor and respond to macroeconomic changes such as inflation, interest rates, and/or foreign exchange could impact profitability and financial performance.	> Experienced and dedicated teams in place who continuously monitor the external environment for macroeconomic changes > Actions taken to mitigate inflation across markets including pricing, cost management, and efficiency > Currency and commodity hedging in place
Geo-political – The Group has markets, operations, and a supply chain network across the world, which could be exposed to adverse events due to geo-political changes.	Changes in government policies, tariffs, international relations, and conflicts can impact the business operations, supply chain, or customer demand.	> Active monitoring by central and local teams regarding geo-political changes > Business continuity planning and crisis management plans are in place to enable efficient recovery > Experienced supply chain and procurement teams who actively manage any disruptions in materials, transportation, and stock levels > Appropriate insurance is in place > Experienced customer service teams in place to ensure a responsive and efficient operation
Regulatory – The Group is exposed to local and global changes in the increasingly complex regulatory and legal landscape.	With many new regulatory initiatives e.g. EU CSRD, EU Deforestation Regulation, Packaging and Packaging Waste Directive, Food Information to Consumer revision, NIS2 Directive, the regulatory and legal burden has the potential to impact the future growth and profitability of the Group.	> Continuous monitoring of the external environment for changes in regulations > Central and local teams ensure regulatory and legal compliance to relevant laws and regulations > Special purpose cross-functional working groups established to meet the regulatory requirements

Strategic Priorities		
Key Risk Area	**Description of Impact**	**Key Mitigating Actions**
Sustainability – Climate change and incoming environmental and reporting regulations will have a significant impact on how Ornua operates its business.	Risks associated to climate change such as extreme weather events, the costs associated with reducing carbon emissions in production methods, the availability of product, the delivery of the ESG strategy, and new regulatory reporting requirements, will have a significant impact on Ornua's ability to deliver on customer requirements and therefore this is a key risk area for the Group.	> *'Common Ground'*, the organisation's Group ESG strategy, has been launched in 2024. It will enable the Group to meet its targets over the coming years > The Group has a dedicated and experienced ESG team that, has the responsibility for oversight and delivery of the Group's ESG agenda, and implements and delivers reporting requirements
Margin Management – The Group's cost base and margin could be impacted by macroeconomic pressures and price changes in dairy commodities, labour costs, and manufacturing overheads.	Due to the seasonal nature of milk availability and changes in dairy commodity prices this can impact production schedules and costs. Failure to ensure an appropriate margin on goods sold may have a material impact on the Group's ability to achieve its annual financial targets.	> Board approved Commodity Risk Management and Trading Policy in place alongside the Commodity Trading cross-functional committee who continuously monitor commodity risk > Continual focus by Executive and Business Unit Senior Leadership Teams on key activities that influence the overall cost base
Business Acquisition & Divestment – Acquisitions and divestments play a key role in portfolio management. This presents a series of risks regarding the different phases of due diligence, transaction, integration, and separation.	A sub-optimal integration or divestment could impact the Group's profitability and strategic development.	> All acquisitions and divestments are reviewed and approved by the Executive and the Board > Experienced and dedicated personnel are in place who rigorously manage all stages of an acquisition and divestment in line with governance requirements > Each activity has robust procedures to ensure successful transition, integration of operations, and retention of key talent

Operational Risks		
Key Risk Area	**Description of Impact**	**Key Mitigating Actions**
Food Safety & Quality – The Group must ensure adherence to stringent food safety standards and production controls across raw materials, production activities, and supply chain. Furthermore, the Group complies with legal and regulatory requirements across multiple international markets.	Any major food safety issue or Irish dairy industry issue may result in a supply disruption or contamination of products and/or raw materials. This would ultimately impact the Group's growth potential or ability to operate and have a serious impact on the Group's reputation and brands or customers' brands.	> Global Quality System implemented that enables monitoring and reporting on food safety and quality KPIs across the Group > The Group and its businesses are accredited in line with food safety standards such as BRC and FSMA > Foods safety training programme in place for all relevant employees and contractors > Appropriate insurance policies are held regarding product liability
Health & Safety – The Group's operations expose employees, contractors, and visitors to potential health and safety risks.	A significant incident could expose the group to business interruptions, legal and financial liabilities, and damage to the Group's reputation on a local and international level.	> Robust Group Health and Safety policy and procedures in place that all business units must adhere to > Dedicated Group Global Head of Health and Safety, and site-specific Health and Safety Officers in place > Health and safety training and awareness programme for all employees > The Executive actively monitor health and safety KPIs as part of monthly reporting
Operations & Supply Chain – The Group relies on global operations and complex supply chains which could be exposed to a range of adverse events such as changes in cross-border trade cooperations, cyber-criminal activities, and industrial accidents.	A failure to effectively respond to operational and supply chain disruptions could result in adverse effect on the financial performance and impact the reputation of the Group.	> Group planning, forecasting, and procurement teams are in place and collaborate to manage stock demand and ensure supply chain capacity > Inventory reserve being held locally to mitigate against delays in supply chain > Business continuity planning and incident management in place and reviewed periodically for relevant events
People – The Group's ability to attract, develop, engage, and retain appropriately qualified talent to meet ambitious business objectives is critical.	A failure to attract, develop, and retain key talent, plan for key successions, and evolve culture to reflect Ornua's values, will impact the Group's ability to deliver on its strategic and operational objectives.	> The Group's mission, vision, and values are embedded throughout the business at all levels > Diversity and Inclusion strategy launched in 2024, sponsored by the Executive, to continue and advance the Group diversity, inclusion, and belonging agenda > Dedicated teams with robust procedures are in place for talent acquisition and management, and succession planning reviews > Monthly People Scorecards by business and location with mitigating actions
Cyber and Technology – The Group relies on robust ICT systems and infrastructure for most principal operations and business processes. From a macro perspective, there is a growing threat of sophisticated cyber-related attacks.	An adverse event could lead to significant business interruptions, loss of employee data, and sensitive financial Group/customer data, including intellectual property. This could result in a significant financial, reputational, and/or regulatory impact.	> Appropriate governance structures are in place including a dedicated Chief Technology Officer, Chief Information Security Officer, and a cross-functional ISO Advisory Board > Dedicated policies, procedures, and annual ICT awareness training, phishing simulations, and cyber security webinars are in place to educate and protect against cyber threats > Dedicated ICT Security Team to manage ICT risks > IT business continuity and disaster recovery plans are in place and tested on a periodic basis > Continued investment in the prevention of cyber-related attacks

Reports

DIRECTORS' REPORT

For the period ended 28 December 2024

The directors submit their report together with the audited financial statements for the period ended 28 December 2024.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with Irish law and regulations.

Irish law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of the Society's assets, liabilities, and financial position at the end of the financial period, and of its profit or loss for the financial period. Under that law, the directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and Irish law).

In preparing these financial statements, the directors are required to:

> select suitable accounting policies and then apply them consistently;

> make judgements and estimates that are reasonable and prudent;

> state whether the financial statements have been prepared in accordance with applicable accounting standards;

> prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Society will continue in business.

The directors are responsible for keeping proper books of account that disclose, with reasonable accuracy at any time, the financial position of the Society and enable them to ensure that the financial statements have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Act, 1893 to 2021. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Books of Account

The directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with the Group's obligation to keep proper books of account. The books of the Society are kept at its registered office.

The directors consider the Annual Report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for members to assess the Co-operative's position, performance, business model, and strategy.

Going Concern

For a period of at least twelve months from the date of approval of the financial statements, the directors have assessed the Group's budget, cash flow forecasts, and the assumptions relating to the profitability and cash generation of the Group.

The directors, after making enquiries, have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Principal Activities

Ornua is an Irish dairy co-operative that markets and sells dairy products on behalf of its Member Co-operatives, Ireland's dairy processors and, in turn, Irish dairy farmers. Ornua is Ireland's largest exporter of Irish dairy products and has annualised sales of €3.4 billion. Headquartered in Dublin, Ornua has a global team of 2,800 employees, operating from 10 business units worldwide, including 13 production facilities. Ornua builds profitable routes to market for Irish dairy products.

The Group is structured across two divisions: Ornua Foods and Ornua Ingredients. Ornua Foods is responsible for the marketing and sales of Ornua's consumer brands including Kerrygold, Kerrygold Dubliner, Pilgrims Choice, Forto, and BEO milk powders. Markets are served by production facilities in Ireland, Germany, and the UK and by in-market Sales and Marketing Teams in Asia, Germany, Ireland, MEA, Poland, Spain, rest of Europe, and North and Latin America. Ornua Ingredients is responsible for the procurement of Irish and non-Irish dairy products, for the sale of dairy ingredients to food manufacturing and foodservice customers across the world, and for managing volatility through de-risking and trading strategies. The business is supported by production facilities in the UK, Spain, the US, Saudi Arabia, and Nigeria, and by in-market teams in Africa and the Middle East.

2024 Global Markets

Global milk supply was flat for the year, with New Zealand's output up 1.0%, slight growth in the EU-27, and a decline in the US. More global milk went to cheese and cream, while butter and powder production fell. European retail sales were solid despite high inflation, with cheese doing better than butter. Foodservice sales were slow. Global exports were stable, with strong demand from Southeast Asia and the Middle East balancing weaker Chinese imports. Demand spikes pushed commodity prices higher.

European milk prices rose steadily, driven by strong butter prices, and were above the five-year average. Cream, cheese, and WMP returns were also strong, while SMP returns improved later in the year. Overall, European dairy prices were higher than global levels.

Financial Performance

Ornua reported a stable group turnover of €3.4 billion, with Group EBITDA and Operating Profit pre Ornua Value Payment increasing by 10.5% and 11.8% to €165.5 million and €130.5 million respectively, reflecting a strong performance despite high-cost inflation and a pressurised milk supply. Net Debt decreased from €153.7 million to €86.1 million, enhancing financial flexibility. Ornua continued to deliver on its core purpose of creating value for Irish dairy and Irish dairy farming families, paying strong prices amounting to over €2 billion across 353kMT of Irish dairy product. Bonuses to Member Co-operatives amounted to an Ornua Value Payment of €72.8 million for the year, while Ornua's working capital facilities provided to support Member Co-operatives, was consistent with the previous year at €481.5 million.

Operational Highlights

Key operational highlights for 2024 include:

> Kerrygold continued to hold market-leading positions in many major international markets: Number one butter brand in Ireland and Germany; Number two butter brand in the United States; Number two block butter brand in the UK market.

> 14,000 containers of Irish dairy ingredients shipped globally in the year.

> Progress was made on the delivery of Ornua's *Path to Prosper* five-year plan, including the completion of the *Evolve* business transformation programme.

> Introduction of new Group Environment, Social & Governance strategy *'Common Ground'*.

> Continued progress in reducing emissions, achieving a 29.4% reduction in Scope 1 and 2 emissions from the 2020 baseline.

> Introduction of new People & Culture initiatives to enhance employee experience including a new Global Diversity & Inclusion Strategy.

Health & Safety

The company continued to develop and implement its Health & Safety Management System across all facilities throughout the period in review. Investments in equipment improvements, staff training, and better safety practices were progressed, resulting in Health & Safety outcomes consistently advancing. In 2024, the company achieved a reduction of 40% in total workplace accidents compared to the previous year, contributing to the achievement of its 2027 goal of reducing accidents to 2.5 per 100 employees, three years ahead of plan. The accident rate at year-end was 2.22 accidents per 100 employees.

Subsidiary Undertakings

A list of the significant trading subsidiary companies is included in Note 28 to the financial statements.

Executive and Directors' Remuneration

Executive remuneration at Ornua is subject to full oversight by the Board and specifically, its Personnel and Remuneration Committee. The Personnel & Remuneration Committee report on pages 47 to 48 outlines Committee information, remuneration consultants, remuneration policy, and key management personnel disclosure is outlined on page 86.

Directors' and Secretary's Shareholdings

The directors and Secretary and their families had no interests in the shares of the Society or any other Group company at any time during the period.

Political Donations

The Group did not make any political donations during the year (2023: €nil).

Corporate Governance

The Governance section on pages 30 to 37 sets out the Group's application of corporate governance principles and its adherence to the Plunkett Institute Code of Corporate Governance, the Group's governance structure, the Group's system of risk management and internal control and the principal risks and uncertainties facing the Group.

Auditors

The Rules of the Society provide that the Auditor shall be appointed at the Annual General Meeting. The incumbent Auditor is eligible for reappointment.

Post Balance Sheet Events

On January 8, 2025, the Group announced a proposal to close Ornua Ingredients Europe's (OIE) cheese manufacturing and formatting operation in Ledbury, Herefordshire, UK. The closure of the facility followed a comprehensive strategic review of OIE's manufacturing footprint. Ledbury's processing capacity is under-utilised, and the facility requires significant capital investment to maintain production moving forward. Production will cease in Ledbury no later than the end of June 2025. The majority of production will be transferred to OIE's sites in Nantwich, Cheshire and Ávila, Spain. The closure has been carefully considered and is not a reflection of the hard work, dedication, and commitment of everyone employed at Ledbury. The closure will not impact other OIE sites or the Ornua Foods site in Leek, Staffordshire (UK).

Board members as at 28 December 2024

Director	Notes	Appointed by
Aidan O'Driscoll (iii)(iv)	Chair	Independent Non-Executive Director
Stephen Arthur (i)(ii)		Irish Farmers Association
Dr Sean Brady (iii)(iv)		Lakeland Dairies Co-operative Limited
Donal Buggy		Executive Director
Dominic Cronin (ii)(iv)		Irish Co-operative Organisation Society
Denis Drennan (i)(iii)	Appointed 8 May 2024	Irish Creamery Milk Suppliers Association
Conor Galvin	Appointed 13 May 2024	Executive Director
Jerry Houlihan (ii)		Arrabawn Co-operative Society Limited
Diarmuid Lally (ii)(iv)		Tirlán Co-operative Society Limited
Edmund Lynch (i)(iii)		Dairygold Co-operative Society Limited
Pat McCormack (ii)(iv)	Vice-Chair	Tipperary Co-operative Creamery Limited
Anne McFarland (ii)(iv)		Independent Non-Executive Director
Anne O'Leary (i)(iii)		Independent Non-Executive Director
Mick O'Shea (i)(iii)		North Cork Co-operative Creameries Limited
Joe O'Sullivan (ii)(iii)		Carbery Food Ingredients Limited
Sean Sweeney (i)(iv)		Aurivo Co-operative Society Limited

Note on changes to the Board during 2024: John Hunter resigned with effect 11 April 2024. Denis Drennan was appointed on 8 May 2024. Conor Galvin was appointed 13 May 2024. Bill Hunter resigned with effect 13 May 2024. Pat McCormack ceased as ICMSA nominee on 8 May and became the nominee of Tipperary Co-operative Creamery Limited.

Committee members as at 28 December 2024

(i) Member of the Audit and Risk Committee
(ii) Member of the Personnel and Remuneration Committee
(iii) Member of the Acquisitions and InvestmentsCommittee
(iv) Member of the ESG and Rules Committee

Advisory Council members as at 28 December 2024

Member	Nominated by
Aidan O'Driscoll	Chair & Independent Non-Executive Director
Stephen Arthur	Irish Farmers Association
Seán Molloy	Tirlán Co-operative Society Limited
Dominic Cronin	Irish Co-operative Organisation Society
John Hunter	Tipperary Co-operative Creamery Limited
Michael Harte	Dairygold Co-operative Society Limited
Jason Hawkins	Carbery Food Ingredients Limited
Colin Kelly	Lakeland Dairies Co-operative Limited
Denis Drennan	Irish Creamery Milk Suppliers Association
John Murphy	Tirlán Co-operative Society Limited
Seán O'Brien	Dairygold Co-operative Society Limited
Conor Ryan	Arrabawn Co-operative Society Limited
Pat Sheahan	North Cork Co-operative Creameries Limited
Donal Tierney	Aurivo Co-operative Society Limited

Note on changes to the Advisory Council in 2024: Michael Harte replaced Conor Galvin as a representative of Dairygold Co-operative Society Limited on 16 February. John Hunter replaced John Daly as the representative of Tipperary Co-operative Creamery Limited on 3 May 2024. Pat McCormack was replaced by Denis Drennan as ICMSA representative on 8 May. Seán Molloy replaced Jim Bergin as a representative of Tirlán Co-operative Society Limited on 31 July 2024.

On behalf of the Board of Directors

Aidan O'Driscoll
Chair

Conor Galvin
Chief Executive

27 March 2025

Board Committees

The Board has established a committee structure to aid it in the discharge of its responsibilities in compliance with the highest standards of co-operative corporate governance. The committees and their membership are detailed below. All committees of the Board have written terms of reference, which are reviewed regularly, outlining their role and authority delegated by the Board.

AUDIT & RISK COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit and Risk Committee ("the Committee") Report for the year ended 28 December 2024.
- Anne O'Leary

This report outlines how the committee performed the functions delegated to it by the Board over the course of the year and contains the following information:

> Membership
> Responsibilities
> Meetings
> Activity

Committee Membership

There were changes to the membership of the Audit and Risk Committee during 2024. John Hunter stepped down from the Committee on 11 April 2024. Denis Drennan and Mick O'Shea joined the Committee on 23 July 2024. Martin Kelly was appointed to the Committee on 21 November 2024 as a non-director member. Currently, the Committee is made up of one independent non-executive director, five stakeholder-nominated directors, and one non-director member as follows:

> Anne O'Leary (Committee Chair)
> Stephen Arthur
> Denis Drennan
> Martin Kelly
> Edmund Lynch
> Mick O'Shea
> Sean Sweeney

The Group's Company Secretary (who is also Chief Risk and Compliance Officer) acts as secretary to the Committee and attends all meetings.

Committee Responsibilities

The Committee's role, authority, duties, and scope are set out in its terms of reference which were reviewed and updated by the Committee during the year and approved by the Board in December 2024. The committee supports the board in meeting a number of its responsibilities under its code of governance. The Board may, on occasion, request assistance from the Audit and Risk Committee on specific matters. In accordance with its Terms of Reference, the Audit and Risk Committee has oversight of a wide range of matters including:

> Reviewing the integrity of the Group's Annual Report and statutory financial statements before submitting them to the Board of Directors for approval;
> In conjunction with the Group auditors, scrutinising the significant judgements and estimates made in the financial statements and ensuring the disclosures in the Annual Report are appropriate, along with the monitoring of compliance with accounting standards;
> Monitoring and assessing the principal and emerging risks facing the Group and assessing the appropriateness of the Groups' risk management frameworks in responding to such risks.
> Review and approval of certain corporate and financial policies designed to improve the system of internal control
> Ensuring Ornua's arrangements for its employees and contractors to raise concerns (whistleblowing) are in compliance with laws and regulations providing appropriate security to all who use the service;
> Reviewing Group procedures for detecting fraud;
> Making recommendations to the Board on the appointment of external auditors (including remuneration and other terms of engagement);
> Monitoring the performance and the quality of the work of the Group's external auditors and their independence;
> Monitoring and reviewing the effectiveness of the Group's internal audit function including approval of the annual internal audit plan and reviewing significant findings arising from internal audit work;
> Monitoring, through reports to it by both internal and external audit and management, the internal controls which are in force and monitoring any remedial actions;
> Receiving reports from management on the effectiveness of the systems for processing transactions and controls procedures that they have established, and the conclusions of any testing carried out by internal and external auditors.

Committee Meetings

During the year, the Committee held six meetings. The Chair of the Committee reported to the Board following Committee meetings. Attendance at Audit and Risk Committee meetings in 2024 was 96%.

The Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit, the Head of Risk Management and Insurance, and the external audit partner were invited to attend meetings, where attendance was required to discuss specified matters. Members of the Executive were also invited to present to the Audit and Risk Committee on specific areas of risk management.

At each meeting, the Committee has a separate discussion in the absence of management. In the performance of their duties, the Audit and Risk Committee members have unrestricted access to both the internal auditors and the external auditors.

Periodic updates on the work of the Audit and Risk Committee are provided to the Board to facilitate the Board's informed assessment of the Group's internal control system and risk management framework.

Summary of Committee Activity

In addition to the matters set out in its Terms of Reference referred to above, the Committee carried out the following key activities in 2024:

- Received updates on Risk Management in the Group from the Chief Risk and Compliance Officer, the Head of Risk Management and Insurance, the Head of Operational Risk, and the Chief Technology Officer;
- Received an update on the new Global Internal Audit Standards and ensured the Terms of Reference reflected the latest standards;
- Assessed the appropriateness of the policies adopted by receiving detailed presentations from the Head of Trading on risk management, the Managing Director of the Ingredients Division on inventory management and inventory risk management, the Chief Technology Officer on the management of risk in operational technology, the Head of Risk Management and Insurance on compliance management and Ornua's Insurance programme renewal, and the Head of Operational Risk on Business Continuity Planning;
- Reviewed the Audit and Risk Committee's Terms of Reference, the Group Whistleblower Policy, the Derivative Trading Policy, the Inventory Risk Management Policy, and the Credit Risk Management Policy;
- Reviewed the effectiveness of the Co-operative's system of internal controls and risk management including financial, operational, and compliance controls through reports received from the Internal Audit function. The Internal Audit team reports all findings to the Audit and Risk Committee and an appropriate plan is put in place to address any recommendations;
- Reviewed the Group risk appetite statements prior to submission to the board for their approval;
- Considered the Group's Policy on Profit Retention in detail assessing the resilience of current policies to provide for the future needs of the organisation; and
- New Committee members underwent a programme of induction.

ACQUISITIONS & INVESTMENTS COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Acquisitions and Investments Committee ("the Committee") Report for the year ended 28 December 2024. - Joe O'Sullivan

This report contains the following information:

> Membership
> Responsibilities
> Meetings
> Activity

Committee Membership

There were changes to the membership of the Acquisitions and Investments Committee in 2024. John Hunter stepped down from the Committee and his position as Chair of the Committee on 11 April 2024. Joe O'Sullivan was appointed to the Committee and as Chair with effect from 28 May 2024. Pat McCormack and Anne McFarland rotated off the Committee on 23 July 2024. Denis Drennan, Edmund Lynch, and Anne O'Leary joined the Committee on 23 July 2024.

Currently, the Committee is made up of two independent non-executive directors and five stakeholder-nominated directors as follows:

> Joe O'Sullivan (Committee Chair)
> Dr Sean Brady
> Denis Drennan
> Edmund Lynch
> Anne O'Leary
> Aidan O'Driscoll
> Mick O'Shea

The Group's Company Secretary acts as secretary to the Committee.

Committee Responsibilities

The Acquisitions and Investments Committee, in accordance with its Terms of Reference which were reviewed by the Committee in 2024 and approved by the Board in July 2024, has oversight on a wide range of matters including:

> Review and consideration of significant acquisition, investment, disposal, and capital expenditure proposals from management and, where appropriate, making recommendations to the Board;
> Oversight of the budgetary process and authorisation levels that regulate capital expenditure;
> Evaluation of investment projects, as well as material capital expenditure proposals for Board consideration;
> Monitoring and review of actual capital expenditure;
> Periodic review of approved projects, including capital expenditure, to ensure implementation in accordance with approvals received.

Committee Meetings

During the year, the Committee held three meetings. The Chair of the Committee reported to the Board following Committee meetings.

Attendance at Acquisitions and Investments Committee meetings in 2024 was 94%.

Summary of Committee Activity

In addition to the matters set out in its Terms of Reference, the Committee carried out the following key activities in 2024:

> Review of the terms of the sale of shares in CoreFX Ingredients LLC;
> An update on the post-completion activities following the disposal of Ornua Nutrition Ingredients UK's powder blending and manufacturing business;
> Review of the proposed Capital Expenditure for the expansion of sticks capacity at Kerrygold Park and the redesign of certain sticks cases;
> Review of the terms of the closure of the Ledbury plant in the UK;
> New Committee members underwent a programme of induction; and
> Review of Ornua's Capital Expenditure Policy, the Mergers and Acquisitions Policy, and the Acquisitions and Investments Committee Terms of Reference.

ESG & RULES COMMITTEE REPORT

On behalf of the Board, I am pleased to present the ESG and Rules Committee ("the Committee") Report for the year ended 28 December 2024. - Dr Sean Brady

This report contains the following information:

> Membership
> Responsibilities
> Meetings
> Activity

Committee Membership

There were changes to the membership of the ESG and Rules Committee in 2024. Edmund Lynch rotated off the Committee on 23 July 2024. Dominic Cronin joined the Committee on 23 July 2024. Currently, the Committee is made up of two independent non-executive directors and five stakeholder-nominated directors as follows:

- Dr Sean Brady (Committee Chair)
- Dominic Cronin
- Diarmuid Lally
- Pat McCormack
- Anne McFarland
- Aidan O'Driscoll
- Sean Sweeney

The Group's Company Secretary acts as secretary to the Committee.

Committee Responsibilities

The ESG and Rules Committee, in accordance with its Terms of Reference, which were reviewed by the Committee in 2024 and approved by the Board in July 2024, has oversight on a wide range of matters including:

- Review and oversight of the Group's strategies, goals, policies, performance, and disclosures related to sustainability and ESG matters as delegated by the Board;
- Overseeing the implementation of the Rules of the Society;
- Reviewing the Rules periodically to ensure that they are appropriate in their application and proposing amendments where required;
- Overseeing the training and induction programme for directors;
- Advising the Board on matters of corporate governance, including on relevant codes of governance.

Committee Meetings

During the year, the Committee held four meetings. The Chair of the Committee reported to the Board following Committee meetings.

Attendance at ESG and Rules Committee meetings in 2024 was 93%.

Summary of Committee Activity

In addition to the matters set out in its Terms of Reference, the Committee carried out the following key activities in 2024:

- Review of the Ornua Rules regarding the rotation of directors and the appointment of non-directors to Board Committees in addition to a full review of all other Rules;
- Review and progress update on the schedule of governance policies approved by the Board;
- Review and update of the Directors' Induction and Training Policy;
- Development and review of the draft Guidelines for the Appointment of non-directors to Committees;
- Review of the Modern Slavery Statement;
- Review and update of the List of Matters Reserved for the Board;
- Review and update of the Board Governance Manual and Terms of Reference;
- Review and update of the Directors' Code of Conduct;
- Development and review of a Policy on INED appointment and reappointment and Terms of Reference for an INED Nomination Committee;
- Review of the Committee's Terms of Reference;
- The Directors' Induction and Training Policy was reviewed by the Committee and approved by the Board;
- Review and evaluation of Ornua's compliance with the Plunkett Institute Code of Corporate Governance;
- Review of the ESG and Governance sections of the annual report;
- New Committee members underwent a programme of induction;
- Review of the implementation of Ornua's ESG Strategy; and
- Development and review of the Board's training plan.

PERSONNEL & REMUNERATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Personnel & Remuneration Committee ("the Committee") Report for the year ended 28 December 2024. - Anne McFarland

This report contains the following information:

- Committee Information
  - Membership
  - Terms of Reference
  - Responsibilities
  - Meetings
  - Activity
- Remuneration Consultants
- Remuneration Policy
- Key Management Personnel Disclosure

Committee Membership

During the year, there were changes to the membership of the Committee with new members appointed. Currently the Committee is made up of seven directors including one independent non-executive director, as follows:

- Anne McFarland (Chair)
- Stephen Arthur (from 23rd July)
- Dominic Cronin
- Jerry Houlihan
- Diarmuid Lally
- Pat McCormack (from 23rd July)
- Joe O'Sullivan

The following were members of the Committee until 23rd July:

- Aidan O'Driscoll
- Anne O'Leary

Committee Terms of Reference

The Committee Terms of Reference were reviewed and updated by the Committee in March and June 2024 and were approved by the Board in July 2024. These Terms of Reference are reviewed every two years. The Terms of Reference are available at all times to any member of the Board and upon request to members of the Advisory Council.

Committee Responsibilities

The following sets out the main responsibilities of the Committee as approved by the Board:

- Recommend to the Board the remuneration policy for the Group Executive (Chief Executive and their senior direct reports including any Executive Directors) and the Company Secretary;
- Determine the remuneration (salary, pension, and other benefits) and terms of employment of the Group Executive and oversee any major changes in senior management benefit structures throughout the Group;
- Determine the contractual terms of employment for the Group Executive;
- Provide ongoing oversight of remuneration policies and procedures, including policies impacting culture and strategy, across the Group;
- Approve the principles, methodology, and outcomes of senior management incentive arrangements and review the planned and actual total annual payments under such schemes;
- Recommend to the Board any updates or amendments to the rules of the Group Executive Short Term Incentive Plan and the Long Term Incentive Plan, administer the plans and approve plan payments in accordance with the rules of the plans;
- On an annual basis, set the Chief Executive Key Performance Indicators (KPIs) based on discussions with the Board during the annual budget process and rate the performance of the Chief Executive against the agreed KPIs;
- Arrange for external benchmarking of remuneration levels of the Chief Executive, Group Executives, and non-executive directors, at least every three to five years;
- Review the fees of the Advisory Council every 3 to 5 years;
- Review pension schemes in key markets;
- Ensure that the Chair of the Board reviews the performance of, and provides feedback to, the Chief Executive on an annual basis;
- Review the Group Executive succession plans on an annual basis and report outcomes to the Board;
- Review the policy for authorising claims for expenses from the Chief Executive, Chair, and Board Directors;
- Review the Committee Terms of Reference and evaluate the effectiveness of the Committee every two years;
- Following each Committee meeting, provide a written summary of matters discussed along with status updates to the Board.

Committee Meetings

During the year, the Committee held five meetings. The Chair of the Committee reported to the Board following Committee meetings.

Attendance at Personnel & Remuneration Committee meetings in 2024 was 100%.

The Chief Executive and members of the Group Executive were invited to attend Committee meetings for specified agenda items. No director or senior executive was present when their own remuneration was decided.

Summary of Committee Activity

The following lists the key activities undertaken by the Committee in 2024:

> Annual approvals in relation to salary, short term incentive payments, long term incentive grants, and payments and review of Long Term Incentive Plan provision;
> Assessment of 2023 CEO KPIs;
> Set 2024 CEO KPIs;
> Review of the Short Term Incentive Plan across the company;
> Received updates on the Irish and UK Defined Benefit Pension Scheme;
> Reviewed the German Defined Benefit Pension Scheme;
> Approval of remuneration for the recruitment of the Chief Executive and Managing Director, Global Foods roles;
> Review of Project Lean;
> Review of Gender Pay Gap reporting;
> Review of succession planning for senior roles;
> Drafted 2025 CEO KPIs for approval in January 2025;
> Review of Group Executive remuneration policy and the Committee Terms of Reference;
> Consideration of director and committee fees.

Remuneration Consultants

The Committee engaged with external pension consultants, Mercer Germany, during the year.

Remuneration Policy

A remuneration policy for the Chief Executive and Group Executives was reviewed and updated by the Committee in June 2024 and approved by the Board in July 2024.

Ornua's Remuneration Policy has been designed to support and align around Ornua's Values, Purpose, and Delivery of Business Strategy.

The remuneration framework for Ornua's Group Executive is based on a total remuneration approach which is delivered through fixed and variable remuneration. The fixed component of remuneration consists of base salary, allowances, and pension and will be in the range of 40-60% of total remuneration.

Key Management Personnel Disclosure

The remuneration of key management personnel, charged to the Group Income Statement (but not necessarily paid in 2024) is shown on page 86.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORNUA CO-OPERATIVE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION ON THE FINANCIAL STATEMENTS OF ORNUA CO-OPERATIVE LIMITED (THE 'GROUP')

In our opinion the Group financial statements:

» give a true and fair view of the assets, liabilities and financial position of the Group as at 28 December 2024 and of the profit and cash flows of the Group for the period then ended; and
» have been prepared in accordance with the applicable financial reporting framework.

The financial statements we have audited comprise:

» the Group Income Statement;
» the Group Statement of Comprehensive Income;
» the Group Balance Sheet;
» the Group Statement of Changes in Equity;
» the Group Cash Flow Statement; and
» the related notes 1 to 30, including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the applicable financial reporting framework").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors' with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors' are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORNUA CO-OPERATIVE LIMITED (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Reponsibilities Statement, the Directors' are responsible for the preparation of the financial statements that give a true and fair view, and for such internal control as the Directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors' are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors' either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at:

https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE INDUSTRIAL AND PROVIDENT SOCIETIES ACTS, 1893-2021

As required by section 13(2) of the Industrial and Provident Societies Acts, 1893-2021 we examined the parent society balance sheet showing the receipts and expenditure, funds and effects of the society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched and in accordance with law.

USE OF OUR REPORT

This report is made solely to the society's members, as a body, in accordance with Section 14 of the Industrial and Provident Societies Acts, 1893-2021. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Sheehan
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

27 March 2025

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

GROUP INCOME STATEMENT FOR THE PERIOD ENDED 28 DECEMBER 2024

	Notes	2024 €'000	2023 €'000
Turnover		**3,394,591**	3,399,851
Cost of sales		**(2,952,617)**	(2,983,519)
Gross profit		**441,974**	416,332
Selling and distribution expenses		**(256,256)**	(251,554)
Administration expenses - excluding intangible amortisation		**(115,405)**	(110,865)
Intangible amortisation		**(12,588)**	(11,646)
Operating profit before exceptional items		**57,725**	42,267
Exceptional items	4	**(6,619)**	31,676
Operating profit after exceptional items		**51,106**	73,943
Share of results of associates and joint ventures	9	**271**	630
Interest payable		**(24,082)**	(35,548)
Interest receivable		**2,870**	2,685
Net interest expense on defined benefit pension schemes	23	**(326)**	(257)
Profit before taxation	2	**29,839**	41,453
Taxation	5	**(7,119)**	(11,258)
Profit for the financial period		**22,720**	30,195
Profit attributable to:			
Owners of the parent		**23,408**	30,424
Non-controlling interest		**(688)**	(229)
		22,720	30,195

The notes on pages 56 to 88 form part of these financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 DECEMBER 2024

	2024 €'000	2023 €'000
Profit for the period	**22,720**	30,195
Other comprehensive income/(expense)		
- Remeasurement of net defined benefit obligation	**2,751**	(2,075)
- Cash flow hedges		
- Change in value of hedging instruments	**(24,626)**	46
- Reclassification to profit and loss	**12,800**	(5,636)
- Currency translation differences	**24,737**	(6,252)
- Total tax on components of other comprehensive income/(expense)	**1,412**	738
Other comprehensive income/(expense) for the financial period, net of tax	**17,074**	(13,179)
Total comprehensive income for the period	**39,794**	17,016
Total comprehensive income/(expense) attributable to:		
Owners of the parent	**40,392**	17,529
Non-controlling interest	**(598)**	(513)
	39,794	17,016

GROUP BALANCE SHEET AS AT 28 DECEMBER 2024

	Notes	2024 €'000	2023 €'000
Fixed assets			
Intangible assets	7	**66,946**	69,376
Tangible assets	8	**274,975**	274,873
Associates and joint ventures	9	**744**	516
Loans to joint venture	9	**221**	288
Other investments	9	**845**	845
		343,731	345,898
Current assets			
Inventories	10	**901,334**	850,823
Debtors	11	**463,060**	475,287
Restricted cash	21	**8,175**	6,453
Cash and bank balances	20	**62,966**	35,236
		1,435,535	1,367,799
Creditors: amounts falling due within one year	12	**(809,398)**	(738,795)
Net current assets		**626,137**	629,004
Total assets less current liabilities		**969,868**	974,902
Creditors: amounts falling due after one year	15	**(162,549)**	(200,630)
Retirement benefit obligation	23	**(9,764)**	(12,286)
Provision for liabilities	17	**(15,301)**	(16,838)
Net assets		**782,254**	745,148
Capital and reserves			
Called up share capital	18	**19,649**	19,649
Revenue reserves	18	**780,096**	729,643
Cash flow hedging reserve	18	**(10,160)**	(99)
Share premium	18	**32**	32
Capital levy account	18	**256**	256
Members' equity interest (before redeemable loan stock)		**789,873**	749,481
Redeemable loan stock	6	**2,479**	4,459
Members' funds		**792,352**	753,940
Non-controlling interest		**(10,098)**	(8,792)
Total equity		**782,254**	745,148

The notes on pages 56 to 88 form part of these financial statements.

On behalf of the Board of Directors

Aidan O'Driscoll
Chair
27 March 2025

Conor Galvin
Chief Executive

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 DECEMBER 2024

	Share Capital €'000	Share Premium €'000	Cash Flow Hedging Reserve €'000	Capital Levy Account €'000	Revenue Reserves €'000	Redeemable Loan Stock €'000	Members Equity Interest €'000	Non-controlling Interests €'000	Total €'000
At 31 December 2022	19,649	32	4,794	256	707,221	4,459	736,411	(8,279)	728,132
Profit for the period	–	–	–	–	30,424	–	30,424	(229)	30,195
Other comprehensive income/(expense) for the period:									
Remeasurement of net defined benefit obligation	–	–	–	–	(2,075)	–	(2,075)	–	(2,075)
Cash flow hedges									
- Change in value of hedging instruments	–	–	46	–	–	–	46	–	46
- Reclassification to profit and loss	–	–	(5,636)	–	–	–	(5,636)	–	(5,636)
Currency translation differences	–	–	–	–	(5,968)	–	(5,968)	(284)	(6,252)
Total tax on components of other comprehensive income	–	–	697	–	41	–	738	–	738
At 30 December 2023	**19,649**	**32**	**(99)**	**256**	**729,643**	**4,459**	**753,940**	**(8,792)**	**745,148**
Profit for the period	–	–	–	–	23,408	–	23,408	(688)	22,720
Other comprehensive income/(expense) for the period:									
Remeasurement of net defined benefit obligation	–	–	–	–	2,751	–	2,751	–	2,751
Cash flow hedges									
- Change in value of hedging instruments	–	–	(24,626)	–	–	–	(24,626)	–	(24,626)
- Reclassification to profit and loss	–	–	12,800	–	–	–	12,800	–	12,800
Currency translation differences	–	–	–	–	24,647	–	24,647	90	24,737
Redemption of loan stock (note 6)	–	–	–	–	–	(1,980)	(1,980)	–	(1,980)
Disposal of business (note 25)	–	–	–	–	–	–	–	(708)	(708)
Total tax on components of other comprehensive income	–	–	1,765	–	(353)	–	1,412	–	1,412
At 28 December 2024	**19,649**	**32**	**(10,160)**	**256**	**780,096**	**2,479**	**792,352**	**(10,098)**	**782,254**

A description of each reserve account is included in note 18.

GROUP CASH FLOW STATEMENT FOR THE PERIOD ENDED 28 DECEMBER 2024

	Notes	2024 €'000	2023 €'000
Cash generated from operations	19	**120,941**	197,054
Income tax paid		**(3,941)**	(8,372)
Net cash inflow from operating activities		**117,000**	188,682
Cash flows from investing activities			
Purchase of tangible assets	8	**(22,164)**	(40,353)
Purchase of intangible assets	7	**(9,002)**	(11,059)
Proceeds from sale of assets		**23**	578
Proceeds from sale of associate		**–**	40,254
Tax paid on gain from sale of associate		**–**	(7,301)
Proceeds from sale of businesses	25	**9,449**	–
Capital grant received		**–**	4,972
Interest received		**2,870**	2,685
Increase in restricted cash	21	**(1,722)**	(2,059)
Net cash used in investing activities		**(20,546)**	(12,283)
Cash flows from financing activities			
Interest paid		**(23,519)**	(35,160)
Repayment of borrowings		**(40,000)**	(171,599)
Payments in respect of loan stock		**(2,209)**	(1,665)
Net cash used in financing activities		**(65,728)**	(208,424)
Net increase/(decrease) in cash and cash equivalents in the period		**30,726**	(32,025)
Balance at beginning of the period		**35,236**	63,978
Foreign exchange (losses)/gains		**(2,996)**	3,283
Cash and cash equivalents at the end of the period	20	**62,966**	35,236

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

A) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The financial statements comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the notes to the financial statements.

The financial statements have been prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below and the measurement of the net defined benefit pension liabilities/ assets at the fair value of the plan assets less the present value of the defined benefit obligation.

The Directors, after making appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The Group therefore considers it appropriate to adopt the going concern basis in preparing its financial statements.

The financial statements contained herein are presented in Euro, which is the functional currency of the Parent Company, Ornua Co-operative Limited. The functional currencies of the Group's main subsidiaries are Euro, US dollar and Sterling.

The 2024 financial statements are for 52 weeks from 31 December 2023 to 28 December 2024. The comparative period was the 52 weeks from 1 January 2023 to 30 December 2023.

B) BASIS OF CONSOLIDATION

The financial statements of the Parent Society and its subsidiary undertakings are incorporated in the Group financial statements. All Group companies apply consistent accounting policies.

(i) Subsidiary undertakings are included in the financial statements from the date on which control is obtained and cease to be consolidated from the date on which control is lost by the Group. Subsidiaries are all entities where the Group has control. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

(ii) An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

(iii) Non-controlling interests represent the proportion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of equity from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised directly in equity. Gains or losses on disposals to non-controlling interests, without a loss of control, are also recognised directly in equity.

(iv) In the Income Statement, the Group shows separately the results of continuing and discontinued operations. All operations are classified as continuing unless an operation meets the criteria to be classified as a discontinued operation. A discontinued operation is a component of an entity that has been disposed of and:

a. represents a separate major line of business or geographical area of operations; or
b. was part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
c. was a subsidiary acquired exclusively with a view to resale.

(v) When the Group ceases to have control, any gain or loss is recognised in the Income Statement. The cumulative amounts of any difference on translation, recognised in equity, are not included in the gain or loss on disposal. The gain or loss also includes amounts included in Other Comprehensive Income that are required to be reclassified to the Income Statement. Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

(vi) Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated upon consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

C) REVENUE RECOGNITION

Revenue represents the value of the consideration received or receivable, for goods and services from third party customers. Revenue is recorded at invoice value, net of discounts, allowances, volume and promotional rebates and excludes VAT. The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the amount of revenue can be measured reliably; and (c) it is probable that future economic benefits will flow to the Group. Revenue is recognised when control of the products has transferred, which is usually upon shipment, or in line with terms agreed with individual customers.

Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is highly improbable.

The Group has entered into a sale of debtor arrangement. Under the terms of this agreement the Group has transferred substantially all of the credit risk which is subject to this agreement. The Group retains a minor element of late payment risk. Accordingly, once these debtors are sold, the trade debtors are derecognised from the Group's Balance Sheet.

Interest income is booked on an accruals basis, by reference to the principal outstanding and at the effective interest rate over the period to expected maturity.

D) EXCEPTIONAL ITEMS

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the period. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items.

E) INVENTORY

Inventories are valued at the lower of cost and estimated selling price less costs to sell. Cost is determined using weighted average costing method. Cost comprises purchase price, including taxes and duties and transport costs attributable to bringing the inventory to its present location and condition. Cost of product includes the Ornua Value Payment made in relation to that product. Selling price less costs to sell is based on contracted or estimated selling prices and all further costs to completion as well as selling and distribution expenses.

In certain circumstances, the Group purchases inventory under arrangements in which final purchase price has not been fully determined by the period end. In these circumstances the Group uses judgement to estimate the final purchase price using all available information including external benchmarks.

At the end of each reporting period, inventories are assessed for impairment by comparing the carrying value of the inventory to the selling prices less costs to sell of the inventory. Judgement is required in estimating the selling price of inventory. The Group uses all available information such as recent sales and quoted market prices if applicable. If the carrying value is greater than the estimated selling prices less costs to sell, the item is impaired and an impairment provision is raised to reduce the carrying value of inventory. Such impairment provisions are booked in cost of sales in the Income Statement and are netted against the carrying value of inventory in the Balance Sheet.

The Group enters into sales contracts which subsequently may become onerous. A sales contract becomes onerous when the sales price within the contract is not sufficient to cover the cost of completing the contract. The Group assesses at the end of each reporting period whether the sales prices within these sales contracts are sufficient to cover the cost of completing these contracts. Judgement can be required to estimate the cost of completing these contracts, in particular in estimating the purchase cost of inventory not on hand that is required to complete the obligation in the contract. The Group uses all available information to estimate the cost of purchasing the required inventory such as recent purchases and quoted market prices if applicable. If the sales prices in these contracts are not sufficient to cover the cost of completing these contracts, the Group raises an onerous contract provision, which is the difference between the sales price and the estimated cost of completing the contract. Such onerous provisions are booked within cost of sales in the Income Statement and are carried and disclosed in the Balance Sheet within Provision for Liabilities.

Stock of spare parts for items of plant and equipment which meet the criteria to be capitalised are carried within inventory.

A number of member suppliers to the Group have entered into a reverse invoice discounting facility (RID facility) with a panel of International Banks led by Rabobank International to sell amounts owed to them by the Group. Under this agreement, the Group acknowledges invoices on behalf of the member suppliers to enable them to receive early payment of those invoices. Upon acknowledgement of member invoices which have been sold to Rabobank, the Group's obligations to the member is extinguished and the Group thereafter assumes an obligation to pay the amount of member invoices sold to Rabobank. There is no amendment to the underlying terms of the invoice, including credit terms. Amounts payable to Rabobank under this facility are disclosed separately within creditors in note 12.

The Group enters forward contracts with a subsidiary of Rabobank in respect of the purchase of inventories. The Group avails of the own use exemption not to fair value these contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

F) INSURANCE CAPTIVE

One of the Group's subsidiaries is an insurance captive. The principal activity of the insurance captive is the provision of insurance cover to the Group in respect of property damage and business interruption, marine, product recall, contaminated product liability, credit and products liability.

Claims incurred consist of amounts paid or provided for in respect of claims occurring during the current period.

The provision for outstanding claims represents provisions for known claims plus an estimate for claims incurred but not reported and for the related costs of settlement. The provision for outstanding claims, which is based on actuarial calculations, is believed to be adequate to cover the ultimate cost of claims incurred to the balance sheet date, but are necessarily estimates and may be ultimately settled for a greater or lesser amount. The cost of claims incurred includes a provision for related direct and indirect claims handling expenses.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claim provisions established in prior financial years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

G) TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes original purchase price, costs directly attributable to bringing the asset to its location and working condition for its intended use. Subsequent expenditure incurred for the purpose of acquiring, extending, or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognized in the carrying amount of an asset. The costs associated with day-to-day servicing of property, plant and equipment is recognized in the income statement as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income Statement. There are no internal capitalised costs within tangible assets.

Depreciation is not provided on freehold land. Depreciation on other tangible fixed assets is provided on a straight-line basis as appropriate to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Freehold buildings: 2% to 5%
- Leasehold land and buildings: written off over the term of the lease or its estimated useful life, whichever is the lower
- Plant and equipment: 5% to 33%
- Motor vehicles: 10% to 33%

In most cases the estimated residual value of other tangible assets is taken to be nil. The assets useful lives are considered and adjusted, if appropriate in each reporting period. The effect of any change is accounted for prospectively.

If there are any indications that a tangible asset is impaired, the recoverable amount of the asset is compared to the carrying amount of the tangible asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In general, in assessing recoverable amount of a tangible asset the Group uses the value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or Cash Generating Unit (CGU). The impairment loss recognised is the amount by which the tangible asset or CGU's carrying amount exceeds its recoverable amount. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the tangible asset belongs. In general, in assessing the recoverable amount of a CGU the Group uses the value in use of the CGU. A CGU is the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows of other assets or groups thereof. If a tangible asset is impaired the impairment loss is the difference between the carrying amount and its recoverable amount. The impairment loss is recognised in the Income Statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. Any impairment reversal is limited, so that the assets carrying amount can not exceed the carrying amount that would be reflected had the assets never been impaired. The impairment reversal is recognised in the Income Statement. Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

H) LEASED ASSETS

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Income Statement on a straight line basis over the lease term. Incentives received to enter into an operating lease are credited to the Income Statement on a straight line basis over the period of the lease.

I) GRANTS

Capital based grants towards the construction of assets are accounted for based on the accrual model in the period they are received and are treated as deferred credits in the Balance Sheet. These grants are released to the Income Statement on the same basis as the related assets are depreciated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

J) BUSINESS COMBINATIONS AND INTANGIBLE ASSETS (INCLUDING GOODWILL)

Business combinations are accounted for using the purchase method. The cost of the business combination is the fair value of the consideration given. Goodwill is equal to the difference between fair value of assets and liabilities acquired and the fair value of consideration given after taking account of the related direct costs of completing the acquisition. Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where the contingent consideration is not considered probable or can't be measured reliably but subsequently becomes probable and measurable or contingent consideration previously recognised is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. On acquisition, goodwill is allocated to CGUs that are expected to benefit from the combination.

Goodwill is amortised on a straight line basis over its useful economic life, subject to a maximum of 15 years. Goodwill is assessed for impairment when there are indications of impairment and any impairment is charged to the Income Statement. An impairment of goodwill is never reversed.

Goodwill is amortised over a period greater than five years because it arises on the acquisition of businesses which are expected to generate profits over the long term.

If negative goodwill arises on a business combination, the Group recognises the excess up to the fair value of non-monetary assets acquired in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the Income Statement in the periods expected to benefit.

The Group shall recognise in its financial statements' provisional amounts for the items for which the accounting is incomplete. Within twelve months after the acquisition date, the Group shall retrospectively adjust the provisional amounts recognised as assets and liabilities at the acquisition date to reflect new information obtained (i.e. account for them as if they were made at the acquisition date).

K) INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual value over their expected useful lives as follows;

» Software 3-8 years.
» Other intangibles include supply contracts, customer relationships and trade names and are amortised over periods ranging from 10-20 years.

For accounting periods beginning after 1 January 2019, the Group only recognises intangible assets separate from goodwill in a business combination when all three of the following conditions are met:

(a) the recognition criteria are met (i.e. that it is probable that economic benefits will flow and the value of the asset can be measured reliably);

(b) the intangible asset arises from contractual or other legal rights; and

(c) the intangible asset is separable.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

» The technical feasibility of completing the software so that it will be available for use or sale;
» The intention to complete the software and use or sell it;
» The ability to use the software or to sell it;
» How the software will generate probable future economic benefits;
» The availability of adequate technical, financial and other resources to complete the development and to use or sell the software; and
» The ability to measure reliably the expenditure attributable to the software during its development.

Acquired software costs are recognised as an intangible asset at their purchase price and amortised over the estimated economic useful life of the asset. Internally generated software costs directly associated with development projects are amortised over the estimated economic useful life of the asset.

If there is an indication that there has been a significant change in amortisation rate or residual value of an intangible asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

L) RESEARCH AND DEVELOPMENT

Research and development expenditure is written off to the Income Statement in the period in which it is incurred.

M) EMPLOYEE BENEFITS

(i) SHORT TERM BENEFITS

Short term benefits, including holiday pay are recognised as an expense in the period in which the service is received.

(ii) PENSION OBLIGATIONS

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee administered funds. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further amounts. A defined benefit plan is a post-employment plan other than a defined contribution plan.

(iii) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before normal retirement date or whenever an employee is expected to accept voluntary redundancy.

The Group recognises these costs when it is demonstrably committed to terminating the employment of current employees in line with a formal plan or providing termination benefits as a result of the expected take up of an offer for voluntary redundancy.

(iv) DEFINED CONTRIBUTION PLANS

Contributions to defined contribution plans are recognised as an expense in the Income Statement as incurred.

(v) DEFINED BENEFIT PLANS

The Group's net obligation/asset in respect of defined benefit plans (both funded and unfunded schemes) is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets.

The fair value measurement hierarchy is as follows:

» quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
» inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
» inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

When the calculation of the defined benefit obligation and the fair value of the plan assets results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds. An asset is recognised only if the Group has an unconditional right to a refund in either of the following circumstances:

a. during the life of the plan, without assuming that the plan liabilities must be settled in order to obtain the refund, or
b. assuming the gradual settlement of the plan liabilities over time until all members have left the plan, or
c. assuming the full settlement of the plan liabilities in a single event (i.e. as a plan wind-up).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest are disclosed as "Remeasurement of net defined benefit obligation".

The cost of the defined benefit plan recognised in the Income Statement comprises;

a. the increase in pension benefit liability arising from employee service during the period; and
b. the cost of plan introductions, benefit changes, curtailments and settlements.

Negative past service costs are recognised when benefits under the defined benefit pension schemes are modified and such modifications are approved by the Pensions Board.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. The cost is recognised in the Income Statement as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

M) EMPLOYEE BENEFITS (CONTINUED)

(vi) OTHER LONG TERM EMPLOYEE BENEFITS

The Group operates a Long Term Incentive Plan (LTIP), which provides for awards granted to a limited number of executives and senior management as nominated by the Chief Executive and approved by the Personnel and Remuneration Committee. The LTIP is measured both in terms of profitability, working capital performance and product prices returned to members over the vesting period. The value of awards granted is an estimate which is primarily derived from an adjusted Group profitability calculation adjusted to reflect product prices returned to members, members bonuses and some other financial metrics. The total amount expected to be paid out under the scheme, is expensed over the vesting period, which is three years.

At each balance sheet date the Group revises its estimate of the expected cost for both the actual out-turn and forecast out-turn as well as for the number of awards expected to vest, with the adjustment recognised in the Income Statement. Significant judgement is used in the estimation of the percentage of awards that will ultimately vest.

N) TAXATION

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity.

(i) Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. Further detail is set out in the section "Use of judgements and estimates in applying the Group's accounting policies".

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax is not discounted. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

» the Group is able to control the reversal of the timing difference; and

» it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

O) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Income Statement in the period it arises.

A provision for restructuring is recognised when the Group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

P) BORROWINGS AND CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Interest bearing loans and overdrafts are recognised initially at fair value, which is the proceeds received, net of transaction costs. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

All transaction costs relating to borrowings including bank arrangement fees are amortised over the period of the relevant facility. The Group does not capitalise borrowing costs relating to acquisition or construction of assets.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. All borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable are shown within borrowings in current liabilities.

Certain cash and cash equivalents in the Group are restricted for use solely within the Group's insurance captive. Such cash and cash equivalents are disclosed separately as restricted cash on the Group Balance Sheet.

Q) FOREIGN CURRENCY TRANSLATION

(i) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro, rounded to thousands, which is the Parent Society's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency that reflects the primary economic environment in which the entity operates ('the functional currency'). The functional currencies of the Group's main subsidiaries are Euro, US dollar and Sterling.

(ii) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when (a) deferred in equity as qualifying cash flow hedges or (b) on the retranslation of net investments in foreign operations.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Rates used for translation of results and net assets into Euro:

	Average Rates		Period end Rates	
€ 1 =	**2024**	**2023**	**2024**	**2023**
US$	1.0828	1.0821	1.0409	1.1037
GBP£	0.8471	0.8702	0.8312	0.8669

(iii) GROUP COMPANIES

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
b. goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate;
c. income and expenses for each Income Statement are translated at average exchange rates; and
d. all resulting exchange differences are recognised in Other Comprehensive Income and presented within revenue reserves in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

R) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each balance sheet date for non-financial assets not carried at fair value, the Group considers whether there are any indications that the asset may be impaired. If there are any such indications of impairment the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In general, in assessing the recoverable amount of an asset, the Group uses the value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU. The impairment loss recognised is the amount by which the asset or CGU's carrying amount exceeds its recoverable amount.

Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. In general, in assessing the recoverable amount of a CGU, the Group uses the value in use of the CGU. A CGU is the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows of other assets or groups thereof.

If a non-financial asset is impaired, the impairment loss is the difference between the carrying amount and its recoverable amount.

The impairment loss is recognised in exceptional items in the Income Statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. Any impairment reversal is limited, so that the assets carrying amount can not exceed the carrying amount that would be reflected had the assets never been impaired. The impairment reversal is recognised in exceptional items in the Income Statement.

S) SHARE CAPITAL

Ordinary shares are classified as equity.

T) BONUS FUND AND REDEEMABLE LOAN STOCK

The Board is empowered under the Rules of Ornua Co-operative Limited ("The Rules") to set up an annual bonus fund and issue bonus shares and redeemable loan stock to the members based upon purchases of dairy products during the period from members. On an annual basis, an amount may be transferred from revenue reserves to the annual bonus fund in the Group's financial statements. Following the ratification of the amount to be transferred to the annual bonus fund and the calculation of each member's individual share, the annual bonus fund is then applied in the following year in issuing, as fully subscribed bonus shares and convertible redeemable loan stock in the ratio of one share per each ninety nine units of convertible redeemable loan stock. These bonus shares and convertible redeemable loan stock are then issued to the holders of the A and B ordinary shares.

Members are entitled, at any time after the expiry of five years from the date of any issue of the units of convertible redeemable loan stock, to apply to the Board so as to have the loan stock redeemed. The Board has discretion as to whether, and to what extent the loan stock shall be redeemed. However, in the case of all approved redemptions, they shall be paid in instalments of 50% in the first year and 10% in each of the following five years. When the redemption is ratified the value of the cash payment is reclassified as a liability.

U) RELATED PARTY TRANSACTIONS

The Group discloses transactions with related parties which are not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

V) FINANCIAL INSTRUMENTS

(i) FINANCIAL ASSETS

Basic financial assets including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the transaction constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. All financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the Income Statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying value does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income Statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income Statement except where the investment is in equity instruments that are not publicly traded and whose fair values cannot be measured reliably, in which case the investments are measured at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

V) FINANCIAL INSTRUMENTS (CONTINUED)

(ii) FINANCIAL LIABILITIES
Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest method. The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or expired.

(iii) DERIVATIVES
Derivatives including forward foreign exchange contracts are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement unless they are part of a hedging arrangement.

As part of its commodity risk management, the Group enters into forward commodity contracts. Changes in the fair value of such commodity contracts are recognised in the Income Statement unless they are part of a documented hedging arrangement. The effective portion of changes in the fair values of these commodity contracts that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income (OCI) and presented in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss.

(iv) HEDGING ARRANGEMENTS
Derivative financial instruments are mainly used to manage exposures to foreign exchange/price risks. The Group designates certain derivatives as hedges of the variability in cash flow attributable to a particular risk associated with assets and/or liabilities or highly probable forecast transactions (cash flow hedges). The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on reporting dates, of the effectiveness of the hedge in offsetting changes in cash flows of hedged items. The fair value of a hedging derivative asset is classified as a current asset due within one year or after one year based on the remaining maturity of the hedge. The fair value of a hedging derivative liability is classified as a creditor falling due within one year or after one year based on the remaining maturity of the hedge.

(v) CASH FLOW HEDGES
The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income (OCI) and presented in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time is recognised in the Income Statement when the forecast transaction to which it relates occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately reclassified to the Income Statement.

(vi) FINANCIAL ASSETS AND FINANCIAL LIABILITIES SHOWN GROSS EXCEPT WHERE A RIGHT OF OFFSET EXISTS
The Group has cash pooling arrangements in place with certain banks that allow the offsetting of cash balances and overdrafts and in such cases the net balance of these is presented in the financial statements.

(vii) NET INVESTMENT HEDGES
Where foreign currency borrowings provide a hedge against a net investment in a foreign operation, to the extent that the hedge is effective, foreign exchange differences are recognised in Other Comprehensive Income and presented within revenue reserves.

(viii) PUT/CALL OPTION LIABILITIES
Put/call option liabilities arising as part of business combinations are recognised at fair value as a financial liability with a corresponding entry to controlling equity. Such liabilities are classified within creditors falling due within one year or after one year based on the expected payment date. Any changes in the fair value of such options in the year are recognised in the Income Statement.

W) USE OF JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The preparation of financial statements in conformity with FRS 102 requires the use of significant judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements and estimates made in the preparation of these financial statements are set out below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

W) USE OF JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

(i) DEFERRED TAX
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. Significant judgement is used when assessing both the extent to which deferred tax assets should be recognised and the amount to be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction.

(ii) RETIREMENT BENEFIT OBLIGATIONS/ASSETS
The determination of the pension cost and defined benefit obligations/asset of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include, inter alia, the discount rate, inflation rate, salary growth, and longevity, all of which are key judgements. Advice is sourced from independent actuaries in selecting suitable assumptions. The Group recognises an asset in relation to one of the Group's defined benefit plans as the Group has an unconditional right to a refund assuming the gradual settlement of the plan liabilities over time until all members have left the plan.

(iii) ASSESSMENT FOR IMPAIRMENT - INTANGIBLE ASSETS/TANGIBLE ASSETS
The Group tests intangible assets (including goodwill) and tangible assets for impairment whenever there is an indication that the intangible assets or tangible assets may be impaired. Goodwill has been allocated as appropriate to the relevant CGUs. These CGUs are the lowest level for which there are separately identifiable cash flows. This testing involves determining the CGU's recoverable amount and comparing this to the carrying amount of the CGU. Where the recoverable amount exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the recoverable amount, a provision for impairment is raised to reduce the carrying amount of the CGU to its recoverable amount. Estimates of recoverable amount are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information where available. Where recoverable amount is based on value in use the key assumptions used in determining the value in use are the forecasted cashflows, long-term growth rates and discount rates.

(iv) COST OF INVENTORY/INVENTORY IMPAIRMENTS/PROVISION FOR ONEROUS CONTRACTS
In certain circumstances, the Group purchases inventory under arrangements in which the final purchase price has not been fully determined by the period end. In these circumstances the Group uses judgement to estimate the final purchase price using all available information including external benchmarks.

At the end of each reporting period, inventories are assessed for impairment by comparing the carrying value of the inventory to the selling prices less costs to sell of the inventory. Judgement is required in estimating the selling price of inventory. The Group uses all available information such as recent sales and quoted market prices if applicable. If the carrying value is greater than the estimated selling prices less costs to sell, the item is impaired and an impairment provision is raised to reduce the carrying value of inventory. Such impairment provisions are booked in cost of sales in the Income Statement and are netted against the carrying value of inventory in the Balance Sheet.

The Group enters into sales contracts which subsequently may become onerous. A sales contract becomes onerous when the sales price within the contract is not sufficient to cover the cost of completing the contract. The Group assesses at the end of each reporting period whether the sales prices within these sales contracts are sufficient to cover the cost of completing these contracts. Judgement can be required to estimate the cost of completing these contracts, in particular in estimating the purchase cost of inventory not on hand that is required to complete the obligation in the contract. The Group uses all available information to estimate the cost of purchasing the required inventory such as recent purchases and quoted market prices if applicable. If the sales prices in these contracts are not sufficient to cover the cost of completing these contracts, the Group raises an onerous contract provision, which is the difference between the sales price and the estimated cost of completing the contract. Such onerous provisions are booked within cost of sales in the Income Statement and are carried and disclosed in the Balance Sheet within Provision for Liabilities.

(v) INCOME TAXES
The Group is subject to income tax in numerous jurisdictions. Significant estimation is required in determining the worldwide provision for income taxes. There are many transactions during the ordinary course of business for which the ultimate tax determination is uncertain and the applicable tax legislation is open to differing interpretations. The Group takes external professional advice to help minimise this risk. It recognises liabilities for anticipated tax authority reviews based on estimates of whether additional taxes will be due, having regard to all information available on the tax matter. The Group engages with local tax experts to support the judgements made where there is significant uncertainty about the position taken.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

W) USE OF JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

(vi) LONG TERM INCENTIVE PLAN
The Group operates a Long Term Incentive Plan (LTIP), which provides for awards granted to a limited number of executives and senior management as nominated by the Chief Executive and approved by the Personnel and Remuneration Committee. The LTIP is measured both in terms of profitability, working capital performance and product prices returned to members over the vesting period. The value of awards granted is an estimate which is primarily derived from an adjusted Group profitability calculation adjusted to reflect product prices returned to members, members bonuses and some other financial metrics. The total amount expected to be paid out under the scheme, is expensed over the vesting period, which is three years.

At each balance sheet date the Group revises its estimate of the expected cost for both the actual out-turn and forecast out-turn as well as for the number of awards expected to vest, with the adjustment recognised in the Income Statement. Significant judgement is used in the estimation of the percentage of awards that will ultimately vest.

(vii) BUSINESS COMBINATION
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets acquired and liabilities assumed is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

(viii) INSURANCE CAPTIVE
One of the Group's subsidiaries is an insurance captive. The principal activity of the insurance captive is the provision of insurance cover to the Group in respect of property damage and business interruption, marine, product recall, contaminated product liability, credit and products liability.

Claims incurred consist of amounts paid or provided for in respect of claims occurring during the current period.

The provision for outstanding claims represents provisions for known claims plus an estimate for claims incurred but not reported and for the related costs of settlement. The provision for outstanding claims, which is based on actuarial calculations, is believed to be adequate to cover the ultimate cost of claims incurred to the balance sheet date, but are necessarily estimates and may be ultimately settled for a greater or lesser amount. The cost of claims incurred includes a provision for related direct and indirect claims handling expenses.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claim provisions established in prior financial years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

2 PROFIT BEFORE TAXATION IS STATED AFTER CHARGING/(CREDITING):

	2024 €'000	2023 €'000
Ornua Value Payment	**72,812**	74,525
Depreciation (note 8)	**22,335**	21,389
Amortisation of intangible assets (note 7)	**12,588**	11,646
Research and development expenditure	**7,498**	7,568
Operating lease expense	**2,313**	2,725
Auditors' remuneration - audit fee	**998**	916
Auditors' remuneration - non-audit services	**20**	-
Total auditors' remuneration	**1,018**	916
Impairment of trade receivables	**895**	1,661
Exchange differences - charge/(credit)	**674**	(2,766)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 EMPLOYEES AND REMUNERATION

	2024 No.	2023 No.
The average monthly number of persons employed by the Group is analysed into the following categories*:		
Production	**1,737**	1,899
Selling and distribution	**432**	418
Administration	**657**	706
	2,826	3,023

* Includes employees whose salary costs are capitalised (note 7).

	2024 €'000	2023 €'000
The staff costs are comprised of:		
Wages and salaries** (includes termination benefits of €2.4m (2023: €Nil))	**176,318**	172,836
Social welfare costs	**17,378**	15,735
Pension costs	**6,380**	5,776
Staff costs included in operating profit after exceptional items	**200,076**	194,347
Net interest expense on defined benefit pension schemes	**326**	257
Total charged to Income Statement	**200,402**	194,604
Actuarial (gain)/loss on defined benefit pension schemes (net of deferred taxation) - (credited)/charged to other comprehensive income	**(2,072)**	2,034
Total aggregate payroll costs expensed	**198,330**	196,638

** Includes Long Term Incentive Plan costs (note 27) but excludes €4.0m (2023: €3.5m) of capitalised salary costs (note 7).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 EXCEPTIONAL ITEMS

	2024 €'000	2023 €'000
Impairment of intangible & tangible assets & other costs (i)	**(3,526)**	(4,512)
Restructuring costs (ii)	**(3,225)**	–
Gain on sale of 20% interest in Nextwave Distribution Holdings LLC (iii)	**–**	36,188
Gain arising on sale of businesses (note 25)	**132**	–
	(6,619)	31,676

2024

(i) Due to indications of impairment, the Group carried out an impairment review of certain intangible and tangible assets, by comparing the assets' recoverable amount to its carrying value and as a result an impairment of €3.0m was recognised (€0.5m in intangible assets and €2.5m in tangible assets) as well as other costs of €0.5m. These impairments occurred as a result of the challenging nature of the specific market which resulted in the recoverable amount of the assets being less than the carrying amount.

(ii) During the period the Group incurred restructuring costs (including redundancy and other costs) across a number of its operations.

2023

(i) Due to indications of impairment, the Group carried out an impairment review of certain intangible and tangible assets, by comparing the assets' recoverable amount to its carrying value and as a result an impairment of €4.2m was recognised (€1.1m in intangible assets and €3.1m in tangible assets) as well as other costs of €0.3m. These impairments occurred as a result of the challenging nature of the specific market which resulted in the recoverable amount of the assets being less than the carrying amount.

(iii) Gain on the sale of the Group's 20% interest in Nextwave Distribution Holdings LLC (Nextwave). Nextwave is the parent company of DPI Specialty Foods Inc., a US specialty foods distribution business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 TAXATION ON PROFIT

	2024 €'000	2023 €'000
Analysis of taxation charge in the period		
Current tax		
Irish corporation tax on profit for the period	**3,254**	–
Adjustments in respect of previous periods	**(92)**	–
	3,162	–
Foreign tax		
Foreign corporation tax on profit for the period	**5,733**	13,334
Adjustments in respect of previous periods	**(388)**	(393)
	5,345	12,941
Total current tax	**8,507**	12,941
Deferred tax		
Origination and reversal of timing differences	**(1,388)**	(1,683)
Taxation	**7,119**	11,258
Tax income included in Other Comprehensive Income	**(1,412)**	(738)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 TAXATION ON PROFIT (CONTINUED)

RECONCILIATION OF EFFECTIVE TAX RATE

The total tax charge for the period is different from the standard rate of corporation tax in Ireland of 12.5%.

The differences are explained below.

	2024 €'000	2023 €'000
Profit before taxation	**29,839**	41,453
Profit at the standard rate of corporation tax in Ireland of 12.5%	**3,730**	5,182
Effects of:		
Foreign rates of tax different from Irish rates	**2,689**	8,288
Non utilisation/(utilisation) of tax losses (net)	**625**	(1,855)
Expenses/income not deductible/taxable (net)	**529**	691
Movement in other differences	**26**	(655)
Adjustments in respect of prior periods	**(480)**	(393)
Total taxation	**7,119**	11,258

There were no significant changes during 2024 in the tax rates applying to the Group's subsidiaries. In 2023 the standard UK corporation tax rate increased from 19% to 25%. The Group has not recognised deferred tax assets of €16.6m (2023: €16.5m) on the basis that there is insufficient evidence that these will be recoverable.

Pillar Two legislation came into effect for Ornua for the accounting period ended 28 December 2024. Ornua Co-operative Limited as the Ultimate Parent Entity for the Group is required to operate the Income Inclusion Rule in respect of all constituent entities in the Group, subject to the application of the Transitional CbCR safe harbour rules. Pillar Two has not had a material impact on the consolidated financial statements of Ornua Co-operative Limited for the period ended 28 December 2024. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to FRS 102 issued in July 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 ANNUAL BONUS FUND, REDEEMABLE LOAN STOCK AND CASH BONUS

(A) ANNUAL BONUS FUND AND REDEEMABLE LOAN STOCK

The Board is empowered under the Rules of Ornua Co-operative Limited ("The Rules") to set up an annual bonus fund and issue bonus shares and redeemable loan stock to the members based upon purchases of dairy products during the period from members. On an annual basis, an amount may be transferred from revenue reserves to the annual bonus fund in the Group's financial statements. The amount transferred to the annual bonus fund in 2024 is €Nil (2023: €Nil).

Following the ratification of the amount to be transferred to the annual bonus fund and the calculation of each member's individual share, the annual bonus fund is then applied in the following year in issuing, as fully subscribed bonus shares and convertible redeemable loan stock in the ratio of one share per each ninety nine units of convertible redeemable loan stock. These bonus shares and convertible redeemable loan stock are then issued to the holders of the A and B ordinary shares.

Members are entitled, at any time after the expiry of five years from the date of any issue of the units of convertible redeemable loan stock, to apply to the Board so as to have the loan stock redeemed. The Board has discretion as to whether, and to what extent the loan stock shall be redeemed. However, in the case of all approved redemptions they shall be paid in instalments of 50% in the first year and 10% in each of the following five years. When the redemption is ratified the value of the cash payment is reclassified as a liability.

During the period, the Board decided to redeem loan stock to the value of €2.0m (2023: €Nil). Cash payments made in the year relating to previous years loan stock redeemed resulted in total cash payments of €2.2m in 2024 (2023: €1.7m).

The movement in the redeemable loan stock balance during the period was as follows:

	2024 €'000	2023 €'000
At beginning of the period	**4,459**	4,459
Redemption of loan stock	**(1,980)**	–
At end of the period	**2,479**	4,459

(B) CASH BONUS PAYABLE

Annual cash bonus (charged to operating profit)	**18,500**	24,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 INTANGIBLE ASSETS

	Goodwill 2024 €'000	Other Intangibles* 2024 €'000	Software 2024 €'000	Total 2024 €'000
Cost				
At beginning of the period	83,987	28,171	64,375	176,533
Additions in the period**	–	–	9,002	9,002
Disposals	–	–	(1,967)	(1,967)
Disposal of businesses (note 25)	(1,445)	(498)	(254)	(2,197)
Translation adjustment	2,767	112	821	3,700
	85,309	27,785	71,977	185,071
Amortisation				
At beginning of the period	66,910	21,893	18,354	107,157
Amortised during the period	3,923	1,109	7,556	12,588
Impairment (note 4)	170	–	288	458
Disposals	–	–	(1,967)	(1,967)
Disposal of businesses (note 25)	(1,445)	(498)	(254)	(2,197)
Translation adjustment	1,788	49	249	2,086
	71,346	22,553	24,226	118,125
Net book amount				
At end of the period	**13,963**	**5,232**	**47,751**	**66,946**
At beginning of the period	**17,077**	**6,278**	**46,021**	**69,376**

* Other intangibles include supply contracts, customer relationships and trade names.

** Software additions include €4.0m (2023: €3.5m) of capitalised salary costs.

The average remaining amortisation period of the goodwill is 4 years. The average remaining amortisation period of other intangibles is 5 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TANGIBLE ASSETS

	Land and Buildings 2024 €'000	Plant Equipment and Vehicles 2024 €'000	Total 2024 €'000
Cost			
At beginning of the period	190,531	287,607	478,138
Disposal of businesses (note 25)	(1,700)	(14,579)	(16,279)
Additions in the period	3,747	18,417	22,164
Disposals in the period	–	(2,050)	(2,050)
Translation adjustment	5,316	6,601	11,917
	197,894	295,996	493,890
Depreciation			
At beginning of the period	53,006	150,259	203,265
Disposal of businesses (note 25)	(287)	(13,180)	(13,467)
Charge for the period	6,897	15,438	22,335
Impairment (note 4)	–	2,525	2,525
Disposals in the period	–	(1,924)	(1,924)
Translation adjustment	1,953	4,228	6,181
	61,569	157,346	218,915
Net book amount			
At end of the period	**136,325**	**138,650**	**274,975**
At beginning of the period	**137,525**	**137,348**	**274,873**

The buildings, plant, equipment and vehicles are insured at a value of €579.1m (2023: €609.0m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

	2024 €'000	2023 €'000
Associates and joint ventures		
At beginning of the period	**516**	5,400
Share of profit after tax during the period	**271**	630
Disposal of associate (note 4)	**–**	(5,317)
Translation adjustment	**(43)**	(197)
At end of the period	**744**	516

	€'000	€'000
Loans to associates and joint ventures		
At beginning of the period	**288**	520
Translation adjustment	**(67)**	(232)
At end of the period	**221**	288

	€'000	€'000
Other investments		
At beginning and at end of the period	**845**	845

10 INVENTORIES

Inventories at the period end primarily consist of finished goods for consumption but includes raw materials of €93.8m (2023: €72.6m). Inventory of €Nil has been pledged as security for liabilities (2023: €Nil). Impairments of inventories recognised within cost of sales in 2024 were €7.5m (2023: reversal of impairments recognised of €9.9m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 DEBTORS

	2024 €'000	2023 €'000
Due within one year:		
Trade debtors (i) (iii)	**396,236**	415,300
Other debtors & prepayments	**21,332**	22,797
Derivative financial instruments	**136**	2,531
Corporation tax debtors	**5,360**	5,407
VAT	**11,511**	8,782
	434,575	454,817
Due after one year:		
Deferred taxation (ii)	**18,161**	13,736
Loan notes	**2,968**	–
Retirement benefit asset (note 23)	**7,356**	6,734
	28,485	20,470
	463,060	475,287
Deferred taxation arising from:		
Accelerated capital allowances	**(10,574)**	(9,752)
Derivative financial instruments	**1,621**	(145)
Retirement benefits	**(733)**	(655)
Tax losses carried forward	**14,169**	13,227
Research and development expenditure	**3,211**	2,799
Other timing differences	**10,467**	8,262
	18,161	13,736

(i) Trade debtors are stated net of a provision for impairment of €6.0m (2023: €5.1m).
(ii) Deferred tax assets are expected to substantially reverse in greater than one year.
(iii) The Group also manages credit risk of trade debtors through the use of a sale of debtor arrangement. Under the terms of this agreement the Group has transferred substantially all of the credit risk which is subject to this agreement, the Group retains a minor element of late payment risk. Accordingly, €200m (2023: €120.3m) of trade debtors have been derecognised at period-end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 €'000	2023 €'000
Trade creditors*	**390,921**	389,766
Amount due under RID facility* (note 14)	**205,793**	184,133
Accruals*	**170,781**	145,252
Derivative financial instruments	**23,353**	–
Option liability**	**–**	1,652
Redeemable loan stock	**993**	1,219
Taxation creditors (note 13)	**13,184**	12,480
Other creditors	**4,373**	4,293
	809,398	738,795

* The majority of these creditors will unwind in the next six months, however new creditors will arise as the Group purchases product during the year.

** The option liability related to an option to acquire the non-controlling interest in a Group subsidiary. As the Group sold the majority of its holding in this Group subsidiary in 2024 this option was not exercised.

13 TAXATION CREDITORS

	2024 €'000	2023 €'000
Corporation tax	**6,839**	3,518
PAYE	**1,749**	1,617
PRSI	**2,290**	1,405
VAT	**2,306**	5,940
	13,184	12,480

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 BORROWINGS

	2024 €'000	2023 €'000
Amounts falling due after one year	**149,104**	188,955

In December 2021, the Group entered into a new five year syndicated financing agreement. In May 2024, the banking syndicate agreed an amendment to this facility which resulted in the amount of €300m being available until the facility maturity date in December 2026. All material subsidiaries of the Group entered into cross guarantees for the debts under the above agreement and also are subject to a negative pledge that security will not be granted to any party during the course of the agreement. The Group is subject to certain financial covenants and other restrictions during the period of this agreement.

Separately, in December 2021, a number of member suppliers to the Group entered into a new five year agreement (reverse invoice discounting or RID facility) with a panel of International Banks led by Rabobank International to sell amounts owed to them by the Group. Committed facilities under this agreement for 2024 were €331.5m (2023: €331.5m). Under this agreement, the Group acknowledges invoices on behalf of the member suppliers to enable them to receive early payment of those invoices. Upon acknowledgement of member invoices which have been sold to Rabobank, the Group's obligations to the member is extinguished and the Group thereafter assumes an obligation to pay the amount of member invoices sold of €205.8m (2023: €184.1m) to Rabobank.

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2024 €'000	2023 €'000
Redeemable loan stock	**1,168**	1,171
Derivative financial instruments	**1,409**	525
Government grants	**5,404**	5,877
Deferred taxation (i)	**5,464**	4,102
Bank loans (note 14)	**149,104**	188,955
	162,549	200,630

(i) Deferred taxation arising from:

	2024 €'000	2023 €'000
Accelerated capital allowances	**8,027**	7,193
Retirement benefits	**(2,347)**	(2,926)
Other timing differences	**(216)**	(165)
	5,464	4,102

Deferred tax liabilities are expected to substantially reverse in greater than one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 FINANCIAL INSTRUMENTS

	2024 €'000	2023 €'000
The Group has the following financial instruments at fair value through profit or loss or through other comprehensive income:		
Derivative financial assets		
Derivative financial instruments (i)	**136**	2,531
Derivative financial liabilities		
Derivative financial instruments (i)	**24,762**	525
Financial liabilities measured at fair value through profit or loss		
Option liability (ii)	**–**	1,652

(I) DERIVATIVE FINANCIAL INSTRUMENTS
The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors. At 28 December 2024, the contracts outstanding have an average maturity of 5 months (2023: 5 months). The forward foreign currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for EUR:USD and EUR:GBP at the end of the financial period. The Group also enters into forward futures/swap commodity contracts to mitigate the commodity price risk on future forecast sales. If the derivatives are part of a hedging relationship the fair value of them are reflected in other comprehensive income. The fair value of the Group's financial instruments are listed in the above tables. During 2024, a hedging loss (net of taxation) of €21.6m (2023: loss of €0.1m) was recognised in Other Comprehensive Income. The Group's derivative financial instruments relate to its commitments to sell USD and GBP and receive a fixed euro amount, as well as relating to commodity contracts. In 2024 a charge of €Nil (2023: €Nil) was recognised in the Income Statement in relation to cash flow hedges which represented the excess of the fair value of the hedging instruments over the change in the fair value of the expected cash flows.

(II) OPTION LIABILITY
The fair value of the option liability was based on the discounted value of the expected amounts to be paid on the exercise of the options at their expected exercise date.

17 PROVISION FOR LIABILITIES

	Onerous Sales Contracts (i) €'000	Long Term Incentive Plan Provision (ii) €'000	Insurance Provisions (iii) €'000	Total Provisions €'000
At beginning of the period	12,074	3,731	1,033	16,838
Provided during the period	9,303	2,426	1,308	13,037
Utilised during the period	(12,074)	(1,657)	(843)	(14,574)
At end of the period	**9,303**	**4,500**	**1,498**	**15,301**

(i) The onerous sales contracts provision relates to contracted sales whose revenues do not cover the cost of completing the contract. This provision will be utilised within one year.
(ii) See detail in note 27. This provision is expected to be utilised over 5 years.
(iii) This represents a provision for claims incurred but not reported by the Group's captive insurance company. The majority of this provision will be utilised within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 SHARE CAPITAL AND RESERVES

	2024 No. of Shares	2024 €'000	2023 No. of Shares	2023 €'000
Issued share capital				
"A" shares of €1 each	**13,335**	**13**	13,335	13
"B" shares of €1 each	**3,429**	**4**	3,429	4
"C" shares of €1 each	**267**	**–**	267	–
"D" shares of €1 each	**130**	**–**	130	–
Bonus shares of €1 each	**1,715,107**	**1,715**	1,715,107	1,715
Deferred ordinary shares of €1 each	**17,916,961**	**17,917**	17,916,961	17,917
		19,649		19,649

The number of issued and fully paid ordinary shares was as follows:	2024 No. of shares '000	2023 No. of shares '000
At beginning and at end of the period	**19,649**	19,649

The shareholding of the Parent Society is subdivided into a number of classes of shares.

The main classes of shares are A, B, C and D shares as well as bonus and deferred shares of €1 each.

The holders of "A" and "B" shares may, subject to Board approval, be issued with bonus shares and convertible loan stock based on sales of product to the Parent's group. They are also entitled to attend and vote at General Meetings of the Society.

Bonus shares rank pari passu with "A" and "B" shares.

The holders of "C" and "D" shares are not entitled to vote at General Meetings of the Society.

The holders of deferred shares do not have the right to attend or vote at the General Meetings of the Society.

A DESCRIPTION OF EACH CLASSIFICATION OF RESERVES WITHIN EQUITY IS BELOW:

» Revenue reserves have been created out of profit and represent the amount of profit not paid to shareholders in the form of dividends.
» Share premium is a capital reserve that is created when shares are issued at a premium (more than their nominal value).
» Cash flow hedging reserve represents the fair value of cash flow hedges net of taxation which have been deferred in equity.
» Capital levy account represents the excess of capital levy receipts for which deferred shares have not been issued.
» Annual bonus fund (note 6).
» Redeemable loan stock (note 6).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 NET CASH OUTFLOW FROM OPERATIONS

	2024 €'000	2023 €'000
Operating profit before exceptional items	**57,725**	42,267
Depreciation of tangible assets (note 8)	**22,335**	21,389
Amortisation of intangible assets (note 7)	**12,588**	11,646
(Increase)/decrease in inventories	**(38,982)**	276,105
Decrease in debtors	**31,642**	58,586
Increase/(decrease) in creditors/provision for liabilities	**38,664**	(211,073)
Post retirement liabilities	**(1,191)**	(1,866)
Cash generated from operations (before cash exceptional items)	**122,781**	197,054
Exceptional expenditure	**(1,840)**	–
Cash generated from operations (after cash exceptional items)	**120,941**	197,054

20 ANALYSIS OF NET DEBT

	2024 €'000	2023 €'000
Analysis of net debt		
Cash and bank balances	**62,966**	35,236
Borrowings > 1 year (note 14)	**(149,104)**	(188,955)
Net debt	**(86,138)**	(153,719)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2024 €'000	2023 €'000
Net increase/(decrease) in cash and cash equivalents in the period	**30,726**	(32,025)
Decrease in borrowing < 1 year	**–**	161,599
Decrease in borrowing > 1 year (note 14)	**39,851**	9,737
Change in net debt arising from cash flows	**70,577**	139,311
Foreign exchange (losses)/gains	**(2,996)**	3,283
Movement in net debt in the year	**67,581**	142,594
Opening net debt	**(153,719)**	(296,313)
Closing net debt	**(86,138)**	(153,719)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 RESTRICTED CASH

	2024 €'000	2023 €'000
Restricted cash on deposit	**8,175**	6,453

Deposits of €8.2m (2023: €6.5m) were held at period end within the Group's captive insurance company and are restricted for use by the Group's insurance company.

22 CAPITAL COMMITMENTS

	2024 €'000	2023 €'000
Commitments for which contracts have been placed	**8,774**	8,788
Commitments approved but not contracted for	**25,803**	33,870

23 RETIREMENT BENEFITS

The Parent Society and certain subsidiaries operate and contribute to defined benefit and defined contribution schemes in addition to a number of internally funded arrangements.

The total Income Statement charge in respect of defined benefit schemes for the Group was a charge of €0.3m (2023: charge of €0.3m) of which €Nil (2023: €Nil) has been charged against operating profit before exceptional items and €0.3m (2023: €0.3m) has been charged within other finance costs.

Contributions to defined contribution pension schemes in the period were €6.4m (2023: €5.8m).

The trustees of the Parent Society scheme have obtained an actuarial valuation dated 1 January 2023 using the projected unit valuation method. The trustees of the Ornua Foods UK Limited scheme have obtained an actuarial valuation dated 31 December 2021 using the projected unit valuation method. Under FRS 102, these valuations, and the most recent actuarial valuations of the other post retirement scheme, have been updated by independent qualified actuaries in order to assess the liabilities/assets of the schemes as at 28 December 2024.

The Irish scheme closed to future accrual in 2018. It has been agreed that the employer contributes €0.3m annually until 2033 to the Irish scheme. The main other scheme closed to future accrual in 2019 and it has been agreed that the employer will contribute €0.7m annually until 2030 to this scheme.

FINANCIAL ASSUMPTIONS

The major assumptions used by the actuaries to calculate scheme liabilities are:

	2024	2023	2024	2023
	Irish Scheme		Other Schemes	
	%	%	%	%
Inflation rate	**2.00**	2.25	**2.90**	2.65
Salary rate increases	**3.00**	3.25	**3.40**	3.15
Pension payment increases	**2.00**	2.50	**2.80**	2.60
Discount rate	**3.50**	3.60	**5.45**	4.50

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 RETIREMENT BENEFITS (CONTINUED)

FINANCIAL ASSUMPTIONS (CONTINUED)

In valuing the liabilities of the pension funds at 28 December 2024, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Irish Scheme 2024/2023		Other Schemes 2024/2023	
- Current pensioner aged 65	24/24 years male	25/25 years female	21/21 years male	24/24 years female
- Future retiree* upon reaching 65	26/26 years male	28/28 years female	22/22 years male	25/25 years female

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

* Current age 40 years for the Irish scheme and current age 45 years for the other schemes.

	2024	2023	**2024**	2023	**2024**	2023
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Equities	**12,668**	13,046	**10,801**	9,990	**23,469**	23,036
Bonds	**52,095**	55,028	**4,997**	5,554	**57,092**	60,582
Property	**4,162**	4,567	**1,151**	1,234	**5,313**	5,801
Other	**12,544**	12,080	**10,145**	11,062	**22,689**	23,142
	81,469	84,721	**27,094**	27,840	**108,563**	112,561
Actuarial value of liabilities	**(74,113)**	(77,987)	**(36,858)**	(40,126)	**(110,971)**	(118,113)
Net surplus/(deficit) in the schemes	**7,356***	6,734	**(9,764)****	(12,286)	**(2,408)**	(5,552)

The Company has provided a guarantee to the value of €10m (2023: €10m) to the trustees of one of the Group's defined benefit schemes. The scheme assets listed above do not include the value of this guarantee.

* Disclosed within retirement benefit asset (note 11).

** Disclosed within retirement benefit obligation.

	2024	2023	**2024**	2023	**2024**	2023
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Analysis of the amount charged to the Group Income Statement during the period:						
Net interest (income)/expense	(248)	(391)	**574**	648	**326**	257

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 RETIREMENT BENEFITS (CONTINUED)

Movement in benefit obligations during the period	**2024 Irish Scheme €'000**	**2024 Other Schemes €'000**	**2024 Total €'000**
Benefit obligations at beginning of the period	77,987	40,126	118,113
Interest expense	2,739	1,784	4,523
Actuarial gain	(2,803)	(4,284)	(7,087)
Benefits paid from plan	(3,810)	(2,355)	(6,165)
Translation adjustment	–	1,587	1,587
Benefit obligations at end of the period	**74,113**	**36,858**	**110,971**
Movement in plan assets during the period			
Fair value of plan assets at beginning of the period	84,721	27,840	112,561
Interest income	2,987	1,210	4,197
Remeasurement losses			
Return on plan assets excluding interest income	(2,762)	(1,574)	(4,336)
Employer's contributions	333	858	1,191
Benefits paid from plan	(3,810)	(2,355)	(6,165)
Translation adjustment	–	1,115	1,115
Fair value of plan assets at end of the period	**81,469**	**27,094**	**108,563**
Surplus/(deficit) in schemes	**7,356**	**(9,764)**	**(2,408)**
Actual return on plan assets	**225**	**(364)**	**(139)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 FINANCIAL COMMITMENTS

A) OPERATING LEASES

At 28 December 2024, the Group had future minimum payments under non-cancellable operating leases as follows:

	2024 €'000	2023 €'000
Payments due:		
Not later than 1 year	**2,267**	2,255
Later than 1 year and not later than 5 years	**6,481**	6,666
Later than 5 years	**7,182**	7,560
	15,930	16,481

B) BANK GUARANTEES

The Group had outstanding guarantees at the period end as follows:

	2024 €'000	2023 €'000
Bank guarantees	**34,824**	34,500

These guarantees are used to support the activities of Group companies.

C) OTHER FINANCIAL COMMITMENTS

The Group had the following outstanding forward currency/commodity contracts at the period end in respect of foreign exchange/price risk.

	2024 €'000	2023 €'000
Forward foreign currency/commodity contracts	**628,862**	596,173

D) INVENTORIES

The Group had the following outstanding forward contracts with Rabobank at the period end in respect of the purchase of inventories.

	2024 €'000	2023 €'000
Forward contracts	**121,776**	100,019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 DISPOSAL OF BUSINESSES

In February 2024, Ornua Nutrition Ingredients UK Limited sold its powder blending and manufacturing business in the UK to Allicio Nutrition Limited. In March 2024, the Group sold a 70.5% interest in CoreFX Ingredients LLC to P.O.D. Solutions Corp.

	2024 €'000
Details of the net assets disposed are as follows:	
Intangible assets (note 7)	–
Tangible assets (note 8)	2,812
Stock	7,475
Debtors	8,057
Creditors	(6,917)
Non-controlling interest	(708)
	10,719
Consideration	12,265
Transaction costs	(1,414)
Profit on disposal	132

Consideration	
Received in cash	9,449
Loan notes received	2,816
	12,265

26 RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group pertain to transactions with members of the Parent Society entered into by subsidiaries of the Group.

Sales to members during the financial period ended 28 December 2024 amounted to €60.3m (2023: €61.6m) and purchases from members amounted to €2,030.6m (2023: €1,645.9m). Amounts receivable from and payable to members arising from the aforementioned sales and purchases transactions as at the balance sheet date are €19.1m (2023: €23.4m) and €209.4m (2023: €153.8m) respectively. There are other payable balances of €4.4m to members (2023: €4.3m).

Cash bonus payable to members (note 6) was €18.5m (2023: €24.5m).

In general, the transfer pricing policy implemented by the Group across its subsidiaries is market-based. The outstanding balances included in receivables and payables as at the balance sheet date in respect of transactions with members are unsecured and settlement arises in cash. No guarantees have been either requested or provided in relation to related party receivables and payables.

Sales to non-wholly owned subsidiaries during the financial period ended 28 December 2024 amounted to €93.3m (2023: €63.5m) and purchases from non-wholly owned subsidiaries amounted to €484.1m (2023: €330.7m). Amounts receivable from and payable to non-wholly owned subsidiaries as at the balance sheet date are €191.4m (2023: €179.5m) and €97.6m (2023: €75.0m) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 RELATED PARTY TRANSACTIONS (CONTINUED)

There are other receivable balances of €Nil due from minority shareholders in subsidiaries (2023: €0.5m).

Sales to associates and joint ventures amounted to €12.5m (2023: €10.9m) and receivables from associates and joint ventures amounted to €3.8m (2023: €4.7m). Dividends received from associates and joint ventures was €Nil (2023: €Nil).

There were no transactions with Directors or key management during the period apart from the payment of remuneration as set out in the table below. There were no Director loans in existence during the period or outstanding at period end.

KEY MANAGEMENT PERSONNEL

Key management personnel comprises the Board of Directors and the executive committee members who manage the business and affairs of the Group. The remuneration of key management personnel charged to the 2024 Group Income Statement (but not necessarily paid in 2024) was as follows:

	2024 €'000	2023 €'000
Total Non-Executive Directors fees (14 in 2024 & 14 in 2023)	**746**	713
Global Executive Remuneration, including Executive Directors (8 Executives in 2024 & 8 in 2023):		
Basic salary	**2,918**	2,480
Performance related bonus	**645**	688
LTIP - Paid during the year	**665**	1,604
Other benefits	**524**	412
Employers pension contribution	**535**	404
Employers PRSI	**505**	575
	5,792	6,163
LTIP - Adjustment to provision during the year*	**(661)**	(2,563)
Total fees and remuneration for key management personnel	**5,877**	4,313

* LTIP - Adjustment to provision during the year represents the adjustment to the LTIP provision and does not represent the amount paid in 2024. The total amount expected to be paid out under the LTIP scheme is expensed over the vesting period, which is three years, and vested awards are settled by way of cash payment to employees over the following three years. The adjustment to the LTIP provision in 2024 is calculated as one-third of the expected pay-out (based on a number of assumptions that may or may not eventuate) in respect of awards granted in 2022, 2023 and 2024 plus an adjustment for any impact on the provision at 30 December 2023 as a result of updated assumptions in 2024. Further details on the LTIP are included in Note 27.

The Personnel and Remuneration committee recommend the remuneration policy for key management personnel to the Board and oversee the implementation of the policy. The process includes assessment against comparable organisations, review of market trends, consideration of the structure of the policy and ensuring that remuneration arrangements are consistent with members' interests. The resources of Independent Professional Advisers were used in the review and assessment process.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 LONG TERM INCENTIVE PLAN

The Group operates a Long Term Incentive Plan (LTIP), the purpose of which is to align the interests of participants and members in achieving exceptional growth, in line with the strategic plan, in a sustainable manner over the longer term, while taking into account product prices paid to members. The LTIP pays out where significant incremental value has been generated for both the owners of the business and the supplying members.

The LTIP provides for awards to be granted to a limited number of executives and senior management as nominated by the Chief Executive and approved by the Personnel and Remuneration Committee. The LTIP is measured both in terms of profitability, working capital performance and product prices returned to members over the vesting period. The value of awards granted is an estimate, which is primarily derived from an adjusted Group profitability calculation adjusted to reflect product prices returned to members, member bonuses and some other financial metrics.

The total amount expected to be paid out under the scheme is expensed over the vesting period, which is three years, and vested awards are settled by way of cash payment to employees over the following three years. The Group has not established a separate fund out of which obligations will be settled directly. The Group has a charge of €2.4m (2023: credit of €1.6m) within employment costs in relation to the scheme, and the obligations recognised within liabilities at period end amounts to €4.5m (2023: €3.7m).

28 SIGNIFICANT SUBSIDIARY COMPANIES

The parent society is a Co-operative and is incorporated in Ireland with its registered address at Grattan House, Mount Street Lower, Dublin 2.

	Incorporated in and operating from	% Holding	Activities
Ornua Limited*	Ireland	100	Marketing dairy products
IDB Investment Limited*	Ireland	100	Group financing
Ornua Insurance Designated Activity Company	Ireland	100	Group captive insurance
IDB Treasury Limited	Ireland	100	Group factoring and financing
Kerrygold Butter Packing Ireland Limited	Ireland	93	Packaging of dairy products
Salsola Limited*	Ireland	100	Holding Company
Kerrygold Limited*	Ireland	100	Holding Company
Irish Dairy Board Limited	Ireland	100	Group financing
Al Wazeen Trading Company LLC*	Saudi Arabia	75	Manufacturing, marketing and distributing dairy products
Ornua Ingredientes Espana SL	Spain	100	Manufacturing, marketing and distributing dairy products
Ornua Foods UK Limited	United Kingdom	100	Manufacturing, marketing and distributing dairy products
Ornua Nutrition Ingredients UK Limited	United Kingdom	100	Marketing and distributing dairy products
The Irish Dairy Board UK Limited*	United Kingdom	100	Holding Company
Ornua Ingredients Europe (UK) Limited	United Kingdom	100	Manufacturing, marketing and distributing dairy products
Ornua Deutschland GmbH*	Germany	100	Manufacturing, marketing and distributing dairy products
Irish Dairy Board (Shenzhen) Co., Limited	China	100	Marketing and distributing dairy products
Ornua Foods North America Inc.	U.S.A.	100	Marketing dairy products
Ornua (Wisconsin) Ingredients LLC	U.S.A.	100	Manufacturing, marketing and distributing dairy products
Ornua (Minnesota) Ingredients LLC	U.S.A.	100	Manufacturing, marketing and distributing dairy products
IDB Holdings Inc.	U.S.A.	100	Holding Company
Ornua (Whitehall) Ingredients Inc.	U.S.A.	100	Manufacturing, marketing and distributing dairy products

* These subsidiary companies are directly owned by the Parent Society.

In accordance with section 357 of the Companies Act 2014, Ornua Co-operative Limited of Grattan House, Mount Street Lower, Dublin 2 as the holding undertaking of the Irish subsidiary companies (defined below) incorporated in Ireland and for the purposes of the exemptions referred to in section 357 of the Companies Act 2014, hereby irrevocably guarantees in respect of the whole of the financial period of the Irish subsidiaries ending on 28 December 2024, all of the commitments entered into by the Irish subsidiaries, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such Irish subsidiary's statutory financial statements for the period ended 28 December 2024.

The 'Irish subsidiaries' covered by this guarantee are Kerrygold Limited, Kerrygold Irish Cream Liqueur Limited, Kerrygold Butter Packing Ireland Limited, Ornua Limited, Salsola Limited, An Bord Bainne (Management) Limited, IDB Treasury Limited, IDB Investment Limited, Irish Dairy Board Limited, IDB Premier Limited, An Bord Bainne (Services) Limited and An Bord Bainne (Exports) Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 POST BALANCE SHEET EVENTS

In January, Ornua Ingredients Europe (OIE) announced a proposal to close its cheese manufacturing and formatting operation in Ledbury, Herefordshire, UK. The proposal to close the facility comes after a comprehensive strategic review of OIE's manufacturing. Production will cease in Ledbury in Quarter 2 2025. The majority of production will be transferred to OIE's sites in Nantwich, Cheshire and Ávila, Spain. The Group does not expect the financial effect of the closure on the Group to be significant.

30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 27 March 2025.

BOARD OF DIRECTORS & EXECUTIVE

Board of Directors*

Aidan O'Driscoll
Chair

Stephen Arthur
Dr Sean Brady
Donal Buggy
Dominic Cronin
Denis Drennan

Conor Galvin
Jerry Houlihan
Diarmuid Lally
Edmund Lynch
Pat McCormack

Anne McFarland
Anne O'Leary
Mick O'Shea
Joe O'Sullivan
Sean Sweeney

Executive*

Conor Galvin
Chief Executive

Donal Buggy
Chief Financial Officer

Bernard Condon
Managing Director Global Ingredients Division

Majella Darcy
Chief People Officer

Cesar França
Managing Director Global Foods Division

Maurice Hennessy
Chief Technology Officer

John McRedmond
Chief Risk & Compliance Officer

Company Secretary*

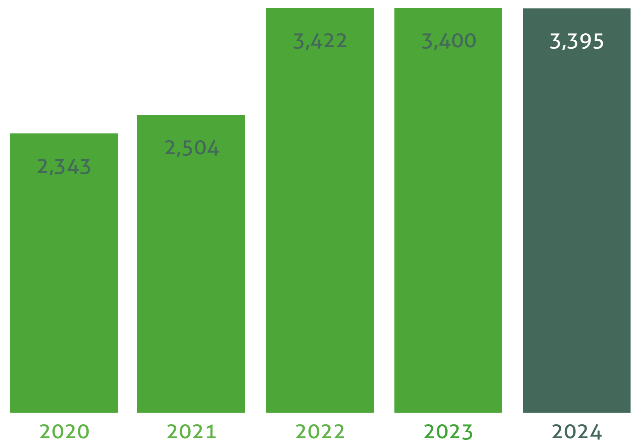
John McRedmond

*As at 28 December 2024

GROUP FIVE YEAR REVIEW

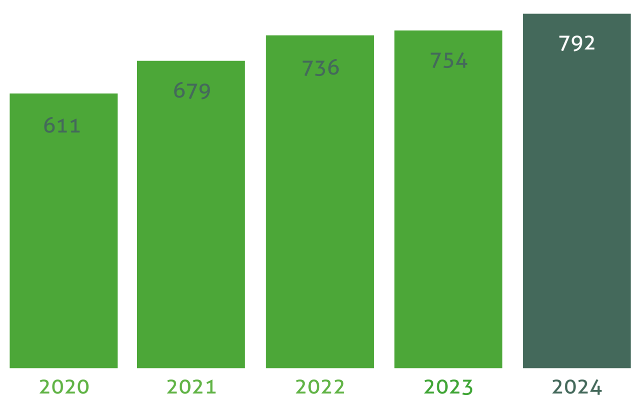
2024 Group Turnover

€3,395 million



2024 Members' Funds

€792 million



	2020 €'000	2021 €'000	2022 €'000	2023 €'000	2024 €'000
a) Historical values					
Turnover	2,343,467	2,504,141	3,422,373	3,399,851	3,394,591
EBITDA	107,408	99,369	84,577	75,302	92,648
Operating profit	83,068	75,684	54,697	42,267	57,725
Profit before taxation	74,525	73,382	38,315	41,453	29,839
Net debt/(cash)	(144,604)	6,991	296,313	153,719	86,138
Members' funds	610,508	679,221	736,411	753,940	792,352
b) Financial ratios					
EBITDA as % of turnover	4.6%	4.0%	2.5%	2.2%	2.7%
Operating profit as % of turnover	3.5%	3.0%	1.6%	1.2%	1.7%
Leverage (Net debt/(cash)/EBITDA) (times)	(1.3x)	0.1x	3.5x	2.0x	0.9x
Interest Cover (EBITDA/Interest Payable) (times)	22.1x	21.5x	6.6x	2.3x	4.4x

IRISH PRODUCT UTILISATION OVERVIEW

TOTAL IRISH MILK SUPPLY (MILLION LITRES)

	2024	2023
January	149	180
February	352	381
March	757	801
April	952	1,028
May	1,017	1,159
June	1,031	1,046
July	972	1,015
August	887	909
September	768	764
October	673	589
November	512	382
December	268	205
	8428	**8,459**

Source: CSO

Total Irish Product output (tonnes)

	2024 '000	2023 '000
Butter	268	273
Cheese	295*	285
SMP	139	167

Source: Ornua
*Estimate

NOTES

Ornua
THE HOME OF IRISH DAIRY

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Ornua's commitment to environmental sustainability is reflected in this Annual Report. This report is printed in Ireland using environmental print technology which minimises the impact of printing on the environment. This report is printed on Horizon Offset paper and board, which is chlorine free and sustainably sourced from European managed forests.

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